

**Department of Health and Human Services  
Division of Licensing and Regulatory Services  
State House Station #11, Augusta, Maine  
Preliminary Analysis**

**Date:** September 2, 2021

**Project:** Northern Light Health Blue Hill Modernization Project

**Proposal by:** Northern Light Health

**Prepared by:** Larry Carbonneau, Manager - Health Care Compliance, DLC  
Richard Lawrence, Senior Health Care Financial Analyst, DLC

**Directly Affected Party:** None

**Certificate of Need Unit Recommendation:** Approval

	<b>Proposed Per Applicant</b>	<b>Approved CON</b>
Estimated Capital Expenditure	\$ 16,972,000	\$ 16,972,000
Maximum Contingency	\$ 1,275,000	\$ 1,275,000
Total Capital Expenditure with Contingency	\$ 18,247,000	\$ 18,247,000
Pro-Forma Marginal Operating Costs	\$ 525,034	\$ 525,034

## **I. Abstract**

### **A. From Applicant**

Northern Light Blue Hill Hospital (Blue Hill) is a critical access hospital serving the residents and visitors of the Blue Hill Peninsula in Hancock County and nearby island communities. The original hospital building dates back almost 100 years and is not suited to ensure continued access to inpatient, emergency services, and outpatient care in this rural community. The proposed project includes building a new 21,200 square foot facility with space for a 10-bed, single occupancy inpatient unit. The facility will also house the emergency department, rehabilitation, and associated ancillary services. The current hospital facility will be fully operational and accessible to the community during construction. There will be no pause in services. Other renovations supporting re-designed outpatient departments will occur in the Sussman Building, the on-campus medical office building. All construction will take place on the existing hospital site.

The estimated full cost of the project is \$19.5 million. The certificate of need applicable capital cost is approximately \$17 million before the CON-applied contingency. The proposed project will reduce Blue Hill's current operating expenses by a net of \$1.7 million annually following full implementation.

The fundamental reasons for the proposed project are:

- Preserving inpatient acute and swing-skilled beds and emergency services in rural Maine
- Modernizing inpatient and outpatient facilities to add efficiencies for patients, families, and staff
- Keeping care local, as feasible

The application which follows provides details on program and space planning, supports the need for the project, confirms the economic feasibility, and assures that Blue Hill will continue to bring needed care to residents and visitors of Hancock County.

### **CONU Comment #1:**

According to 22 M.R.S.A §329 (3) a Certificate of Need is required for:

**Hospital projects with capital expenditures exceeding \$13,076,656 (2021 threshold).**

## **II. Fit, Willing and Able**

### **A. From Applicant**

Blue Hill is proposing a construction project to build a new 21,272 square foot, smaller facility located on the front portion of the existing campus abutting Water Street. The new smaller facility will include ten inpatient acute/swing-skilled beds in single occupancy rooms, an emergency department with five exam rooms, rehabilitation space, and associated ancillary services. The oldest original portion of the hospital which currently houses administrative functions will be demolished to accommodate location of the new facility. All clinical functionality of the existing hospital will remain operational during the construction of the new facility as it is located entirely in less-dated portions of the existing facility. Following completion and activation of the new facility, the remaining current facility will be demolished, and the existing parking lot will be improved and expanded in the resulting space behind the new facility. Select outpatient services will be redesigned for more efficient delivery in the on-campus medical office building.

The current hospital facility is outdated and nearing a stage where it can no longer be efficiently maintained, with parts of the infrastructure dating back almost a century. Without this project, the facility could potentially present significant risks that could impact the availability of healthcare services in the region. The proposed modernization will cost less than repairing the existing hospital facility and will result in lower operating costs created by structural efficiencies.

This project will allow Blue Hill staff to continue providing high quality health care services in an updated infrastructure that is responsive to the needs of the people, communities, and health care providers of the Blue Hill Peninsula region. The preservation of healthcare services is critical to residents and visitors of the region alike.

#### **About Blue Hill**

Originally donated by Mrs. F.B. Richards in 1922 and incorporated in 1924, Blue Hill Hospital is a not-for-profit hospital committed to improving the health of the communities served. The Blue Hill community is a beautiful place, and the people who live here and visit deserve to have accessible care as close to home as feasible. The total service area consists of 20 communities and an estimated population of more than 33,000. The hospital employs 250 people, and in FY 2020 provided almost \$1.8 million in community benefit investment. Blue Hill's swing-skilled beds provide important post-acute rehabilitation and skilled services to patients from the region. Blue Hill is a spoke hospital in Northern Light's Downeast region, collaborating closely with other Northern Light hospitals, in particular Maine Coast Hospital, which has a shared governance and management structure with Blue Hill. Blue Hill and Maine Coast collaborate to assure local access as feasible and well-coordinated transition to Eastern Maine Medical Center when necessary. Blue Hill's hospital license is **Attachment A**.

A summary of Blue Hill Hospital's most recent state surveys is provided in **Attachment B**. Surveys highlight facility challenges due to the age of the property; the management and facilities teams have responded to all identified findings as summarized.

### Project Square Footage Summary

Showing current and planned facility space, **Table 1** outlines the proposed streamlining of the total facility's building gross square feet (BGSF).

**Table 1: Pre and Post Construction Square Footage Summary**

Structure	Current	Future	Net Total After Completion
Existing clinical portion	56,547	0	-56,547
Existing admin portion	23,659	0	-23,659
<i>Total Demolished</i>	<i>80,206</i>	<i>0</i>	<i>-80,206</i>
Sussman (existing MOB)	25,700	25,700	0
Modernized facility	0	21,272	21,272
<b>Total</b>	<b>105,906</b>	<b>46,972</b>	<b>-58,934</b>

The proposed project will reduce the total hospital footprint by almost 59,000 BGSF. The reduction of hospital BGSF results from:

- Streamlining the size of the inpatient services space with some reduction in available beds.
- Reducing the footprint of the emergency department

Pre- and post-project implementation site plans, building renderings, proposed floor plans for the new facility and for renovated space in the Sussman Building, and a sample patient room diagram are included as **Attachments C and D**. The floor plans list room sizes and programming. Capital cost estimates are presented in **Section III – Financial Feasibility**.

The primary programs that will be impacted by the proposed project include: inpatient beds – acute and swing-skilled, emergency department, rehabilitation, outpatient, and support services. The administrative offices will be housed in existing buildings on campus. Blue Hill does not anticipate adding any new services as a part of this project.

Northern Light Health and Northern Light Blue Hill Hospital engaged the following experts in the planning and development of the proposed project:

- Master facility planning and program planning: Jensen Partners.
- Architectural services: WBRC Architects and Engineers.
- Construction cost estimating: J.F. Scott Construction
- Parking and Traffic Study: WBRC Architects and Engineers

- Geotechnical Services: SW Cole.
- Site & Civil Design Services: WBRC Architects and Engineers

## ARCHITECTURAL NARRATIVE AND SUPPORTING DOCUMENTATION

### SUMMARY

The WBRC design team worked closely with Blue Hill over the past months to define the vision, guiding principles, program and plans for the modernization project. The team developed a comprehensive program, floor plans, site plans, building renderings and narrative defining the site/civil, structural, architectural, mechanical, electrical and fire protection components of the project. The design concepts in the application outline the basis of the program and cost of the Blue Hill Campus Modernization project. J.F. Scott Construction developed estimates for the construction costs as included in the financial feasibility section of the application.

### PROGRAM PLANNING

Jensen Partners was engaged to assist leadership with program and facility planning. The most current edition of the Facility Guideline Institute (FGI) standards were used to develop the clinical space program and ultimately the project design. Providers, Board, Community, and other key stakeholders participated in developing the overall master facility plan and advised on program and space planning and community need.

### GUIDING PRINCIPLES

The Management Committee established the following Guiding Principles that shaped the development of the proposed project:

- Improve Patient and Family Experience
- Improve Staff Experience
- Improve access for patients
- Achieve Operational Efficiencies
- Design to be strategically right sized and nimble to address future care delivery changes
- Be convenient to patients and families
- Be fiscally responsible

Several facility principles guided the program decisions:

- All inpatient beds would be in single occupancy rooms
- 24/7 Emergency care services would be preserved
- Space would be designed to optimize healthcare in Hancock County, based on program range, scope and projected volume
- Design should support remote care (telehealth)

## PROGRAM SUMMARY

### a. Construction of New Hospital Facility

The new hospital facility will house inpatient acute and swing-skilled rooms, emergency services, rehabilitation, imaging and ancillary services, and associated staff support. Additional space description follows.

#### First Floor:

Inpatient Services: All inpatient rooms will be appropriate for acute and swing-skilled care. The ten inpatient rooms will be private, single occupancy rooms with dedicated bathrooms and showers. One inpatient room will be provided with a bariatric patient lift and another room will be a negative pressure room with associated ante room space.

Emergency Services: The emergency department (ED) will be located in the new hospital facility. The department will include five exam rooms. One exam room will be negative pressure and another exam room sized slightly larger to provide service for higher acuity patients. A triage cubical will provide dedicated space for staff to perform patient intake. The waiting room is placed to support patients, families, and staff.

Imaging Services: The inpatient imaging department will be located in the new hospital facility. The space program includes digital x-ray and CT rooms. Ultrasound will be provided in patient rooms with a portable unit. The mobile MRI pad will be relocated adjacent to the new facility. Outpatient mammography, ultrasound and dexascan will be located with the existing outpatient x-ray service available in the Sussman MOB.

Therapies and Ancillary: Space has been designated for physical therapy, which is a vital service for swing-skilled patients who typically comprise most of the inpatients in the hospital.

Administration and Staff Support: A patient registration and accounting office will be located adjacent to the main entry and waiting area. The first floor includes a cafeteria and a conference room for administration and anticipated community use. There will be a nurse manager's office, case manager's office and shared providers office all accessible on the unit. Emergency department and inpatient unit nurse stations, with shared support spaces, will also be located on the first floor of the new hospital facility.

**Ground Floor:** The lower level of the new facility will include a kitchen to serve patient rooms and provide food for the cafeteria. This level will also include space for storage, maintenance, supplies, locker room with shower, a small laundry facility, lab, IT, and pharmacy staff. The ground floor will be for staff use only.

### b. Medical Office Building

**First Floor:** First floor renovations include new centralized check-in/reception and waiting areas for all first level clinics. Outpatient physical therapy (PT) will be relocated to the Sussman MOB as part of this project. The new PT program includes open gym space and two private therapy rooms. The cardiac rehabilitation program will share the open gym area and will have additional private space for cardiac stress tests. Outpatient imaging will offer additional services in the Sussman MOB with mammography, ultrasound, and dexascan joining the existing x-ray services offered in the MOB.

**Second Floor:** Existing second floor clinics will not be impacted by this project. This space is not included in the scope of the proposed modernization project.

**Administration:** Administrative spaces will be located in two non-medical existing buildings on the existing campus footprint. This work is outside of the scope of the proposed modernization project.

#### SQUARE FOOTAGE SUMMARY

**Table 2** below summarizes total space impact of the project.

**Table 2: Scope of Construction**

New Construction (Hospital):	21,272 BGSF
Renovation (Sussman floor 1):	<u>6,400 BGSF</u>
<b>Total Impacted</b>	<b>27,672 BGSF</b>

*Note: Includes renovations to the first floor of the Sussman Building*

#### SPACE & PROGRAMMING ATTACHMENTS

The following attachments from Jensen Partners and WBRC Architects and Engineers provide information regarding the functional programming and design of construction and renovations.

- **Attachment C** - Site Plans and Building Renderings
- **Attachment D** - Floor Plans (new hospital and outpatient building renovations), including programmed space

#### PROFILE OF THE APPLICANT

The applicant for this CON application is:

Northern Light Blue Hill Hospital (Blue Hill)  
57 Water Street  
Blue Hill, ME 04614

A list of Northern Light Blue Hill Hospital Board of Trustees is provided as **Attachment E**.

## BACKGROUND

Blue Hill's long-standing commitment to the community began just about 100 years ago. In 1922, Blue Hill first opened its doors at the current location on Water Street on the Blue Hill waterfront in a home donated by a local benefactor. In 1998, Blue Hill became the first critical access hospital in New England and one of the first in the country. Blue Hill hospital is the largest employer on the BH peninsula.

In 2005, Blue Hill became a member of Eastern Maine Healthcare Systems (now doing business as Northern Light Health) and has continued to fulfill its mission of service to meet the changing health needs of Hancock County. Profiles of Northern Light Health's clinical members are included as **Attachment F**.

Blue Hill's primary and specialty care practices included in **Table 3** below provide individuals and families with quality healthcare services close to home.

## MISSION AND VISION

Blue Hill provides clinically excellent, compassionate healthcare to all patients served by the hospital. Blue Hill's values guide the organization's strategic planning, patient care and human resource initiatives.

Blue Hill is committed to giving back to Hancock County. In FY 2020, Blue Hill provided almost \$1.8 million in community benefit, including un-reimbursed medical treatments, pro bono medical services, community education, and prevention outreach. A community benefit report is included as **Attachment G**.

## LOCATIONS AND SERVICES

Blue Hill provides inpatient and outpatient diagnostic and therapeutic services including medical, physical rehabilitation, women's health, imaging, and laboratory. Blue Hill employs primary care and specialty physician practices.

Blue Hill's services are offered at a variety of locations throughout Hancock County with sites of care described in **Table 3**.



**Table 3: Descriptions of Service Locations**

<b>Northern Light Blue Hill Hospital</b> 57 Water Street Blue Hill, ME 04614	Offers acute and skilled level of inpatient care, infusion and therapeutic services
<b>Northern Light Sussman Health Center</b> 65 Water Street Blue Hill, ME 04614	Offers orthopedic, pathology, primary care, women's health services, and cardiovascular services
<b>Northern Light Health Center, Castine</b> 102 Court Street Castine, ME 04421	Offers primary care services
<b>Northern Light Health Center, Stonington</b> 354 Airport Road Stonington, ME 04861	Offers primary care services
<b>Northern Light Health Center, Bucksport</b> 58 Main Street Bucksport, ME 04416	Offers urologic and therapeutic services

#### MEDICAL AND ALLIED PROFESSIONAL STAFF

Blue Hill's medical staff consists of a total of 29 employed physicians and advanced practice clinicians representing a range of medical specialties as listed in the table below. Additional contracted physicians are also credentialed to provide care at Blue Hill for cardiology, neurology, physiatry, urology and other specialties. The availability of telemedicine providers has proven essential in rural healthcare, even more so during the COVID pandemic. As shown in **Table 4**, Blue Hill has developed a strong and reliable provider network to address the needs of the community.

**Table 4: Medical and Advanced Practice Clinicians Staff Composition as of June 2021**

Medical Division	Employed	Non-Employed	Total
Cardiologists	1	22	23
Dietitian	2	0	2
Emergency Medicine	0	32	32
Family Medicine/Internal Medicine	16	48	64
Gastroenterology	0	1	1
Licensed Clinical Social Worker	3	0	3
Neurology	0	23	23
Obstetrics-Gynecology	4	1	5
Ophthalmology	0	2	2
Orthopedics	1	2	3
Palliative Care	0	5	5
Pathology	0	12	12
Pediatrics	1	3	4
Physiatry	0	51	51
Podiatry	0	1	1
Pulmonary Medicine	0	3	3
Radiology	0	74	74
Rehabilitation	0	1	1
Sleep Medicine	0	1	1
Urology	1	0	1
<b>Total</b>	<b>29</b>	<b>282</b>	<b>311</b>

Intra-System agreements are also key to bolstering the availability of health care services to the communities of the Blue Hill Peninsula. Northern Light Acadia Hospital has a long-standing agreement with Blue Hill that will continue throughout and after implementation of the proposed project. Acadia provides 24/7 year-round psychiatric consultation services to the Blue Hill Hospital emergency department via a multidisciplinary team of psychiatric professionals. Acadia provides consult on the assessment, diagnosis, and planning around psychiatric conditions that patients present with at the ED. Acadia also provides psychiatric consult liaison services to Blue Hill's inpatient areas during daytime hours.

## LICENSES, ACCREDITATIONS, AND CERTIFICATIONS

Blue Hill Hospital is licensed by the State of Maine. The hospital participates fully in Medicare, Medicaid, and all local managed care plans. Documentation of licensure is included as **Attachment A**.

Current highlights for recognition for services:

- State of Maine License: Issued May 20, 2020 (includes COVID preparedness expansion)
  - *Note: The current State of Maine License will remain in effect until 60 days after the Governor rescinds the state of civil emergency due to the COVID pandemic. The Governor ended the state of civil emergency on June 20, 2021; therefore, the license is in effect until August 30, 2021.*
- CMS Certified
- Named a Top Rural Hospital by The Leapfrog Group in 2020. This national award is widely acknowledged as one of the most competitive awards American hospitals can receive.

## KEY PERSONNEL

Blue Hill has strong governance and management teams that have been involved with this project since its inception. Brief summaries of the backgrounds and areas of expertise of the board chair and the executive management team follow.

### **Northern Light Blue Hill Hospital Board Chair: Scott Gray**

Born and raised in Blue Hill, Mr. Gray graduated from George Stevens Academy in 1977 and has spent the better part of his career working in the retail grocery business. He spent 17 years with Hannaford Brothers followed by six years in the event business working for Eastern Events, the parent company of Wallace Tent and Party Rentals, one of the largest event companies in New England. In 2005, Mr. Gray accepted a position with Tradewinds Marketplace in Blue Hill and worked there as Assistant Store Manager until his retirement in 2019.

Mr. Gray has strong family ties to Blue Hill Hospital (BHH). Mr. Gray's mother worked as an RN and OR supervisor for over 30 years at Blue Hill. His father, sister, and grandmother were also employed by BHH for many years. Mr. Gray is committed to community service and currently serves as Chair of the Blue Hill Hospital/Maine Coast Hospital Common Board of Trustees. He is a past Chair of the Blue Hill Harbor School Board, BHH QPAC committee, and is a past President of the Blue Hill Peninsula Chamber of Commerce. Mr. Gray lives in Blue Hill with his husband, Edward, and their three dogs. He has one grown daughter, Allisan, who is currently living in Denver, Co. where she is studying for her bachelor's degree in nursing.

### **Northern Light Blue Hill Hospital President: John Ronan**

John Ronan was appointed President of Northern Light Blue Hill Hospital in August of 2014 and President of Northern Light Maine Coast Hospital (MCH) in November of 2016. Prior to holding these roles, he was BHH's Chief Operating Officer/Chief Strategy Officer and was responsible for overall organizational operations including direct oversight of clinical and ancillary support systems and

departments. Before coming to BHH in 2009, Mr. Ronan worked for EMHS (Eastern Maine Healthcare Systems) as a Corporate Director for Information Systems and as a Vice President in the Finance division. His previous experience includes Information Systems work for Central Maine Power in Augusta, ME and as an IT Consultant for Andersen Consulting in Boston, MA. Mr. Ronan holds a B.A. in Business Administration, a Masters' degree in Human Relations, and an MBA. He received his undergraduate degree from the University of Maine and both of his graduate degrees from Husson University. He is also a certified Fellow in the American College of Healthcare Executives.

Mr. Ronan has demonstrated his strong interest in community, volunteering his time for several Maine organizations. He is a past board member of John Bapst Memorial High School, the Good Samaritan Agency, and the Bangor Humane Society. He was a member of the Green Lake Association, past chair of the Glenburn Reorganizational Committee for School Consolidation, and he was the chair of the Children's Miracle Network Golf Tournament for several years. Mr. Ronan also served as chair of the Blue Hill Peninsula Chamber of Commerce Board of Directors and is currently a member of the Ellsworth Economic Business Development Corporation. He and his wife, Tracy, have two adult daughters.

**Northern Light Blue Hill Hospital Vice President of Finance: Wendy Merchant**

Ms. Merchant began working for EMHS (Eastern Maine Healthcare Systems and now doing business as Northern Light Health) in 2007 and was reassigned as the Controller for Blue Hill Hospital in 2009. She moved into the VP of Finance role in 2014 and VP of Finance for Maine Coast in 2017. Her previous experience include roles as market controller for Clear Channel Broadcasting, and auditor for PricewaterhouseCoopers. Ms. Merchant holds a Bachelor of Science degree in Public Accounting from Husson University. She and her husband Glen reside in Trenton with their daughters.

**Northern Light Blue Hill Hospital Vice President of Operations: Joe Gaetano**

Mr. Gaetano joined Northern Light Health in July 2020 as Vice President of Operations for Blue Hill Hospital and Maine Coast Hospital. His primary focus is on Outpatient and Ambulatory service, access, quality, and financial management. He is currently leading growth initiatives in several key service lines including Orthopedics, General Surgery, Cardiology, and Primary Care. Mr. Gaetano has also been instrumental in operating the COVID Testing and Vaccination programs in Blue Hill and Ellsworth.

Mr. Gaetano joined the Northern Light Team directly from Siemens Medical USA, where he served as Vice President of Digital Healthcare and in several other senior leadership roles throughout a 20-plus year career with Siemens Medical. His responsibilities while at Siemens, included modernizing healthcare organizations domestically and internationally, with extended assignments in Boston, Chicago, Philadelphia, Honolulu, Beijing, Berlin, Nuremburg, and Dubai. Previously, Mr. Gaetano served as Managing Director for Huron Consulting Group, a healthcare performance improvement firm and for Ernst and Young, LLP.

Mr. Gaetano holds a Master of Science Degree in Healthcare Administration from St. Joseph's University in Philadelphia, PA, an executive MBA in International Business from the European School of Business & Technology, Berlin Germany, as well as undergraduate degrees in Business Administration and Industrial Engineering. He is also a certified Fellow in the American College of Healthcare Executives. Mr. Gaetano has served as an Executive Board member for the Boy Scouts of America and regularly volunteers at

community service events, most recently, the COVID vaccination clinics. He resides in Castine, Maine with his wife, Diane, and two teenage children.

**Northern Light Blue Hill Hospital Vice President, Senior Physician Executive: Michael Murnik, MD**

Dr. Mike Murnik has served as Northern Light Blue Hill Hospital's CMO and Senior Physician Executive since October 2014. He is a practicing Board Certified Family Physician. Before coming to Blue Hill Hospital, he worked at Powell County Memorial Hospital, a Critical Access Hospital in Deer Lodge, Montana, was an Associate Professor in the Department of Family and Community Medicine at the University of New Mexico Hospital in Albuquerque, New Mexico, and a staff physician at Maine Coast Hospital in Ellsworth, Maine.

Dr. Murnik is a graduate of Columbia University, the University of Vermont College of Medicine, and the University of New Mexico's Family and Community Medicine Residency Program. Dr. Murnik is a member of the American Academy of Family Physicians, the Maine Academy of Family Physicians, and sits on the Board of Directors of Healthy Acadia. He, his wife, and 3 daughters have lived in Blue Hill since August 2006.

**Northern Light Blue Hill Vice President of Nursing: Kristin Cyr**

Ms. Cyr obtained her Bachelor of Science in Nursing from Husson University in 2001 and began her career at Eastern Maine Medical Center (EMMC). In 2012, Kristin obtained her Master of Business Administration with a concentration in healthcare administration from Husson University. While employed at EMMC, Ms. Cyr fulfilled clinical nursing roles as well as nursing leadership positions until 2014 when she became a Compliance Officer for EMHS (now Northern Light Health). While holding this role, she became certified in healthcare compliance and privacy, earning her CHC and CHPC designations.

In 2016, Ms. Cyr completed her Master of Science in Nursing degree program with a concentration in nursing administration. In 2018 she accepted the position of Vice President of Nursing and Patient Care Services at both Blue Hill and Maine Coast Hospitals. She resides in Bangor, Maine with her husband and two teenage children.

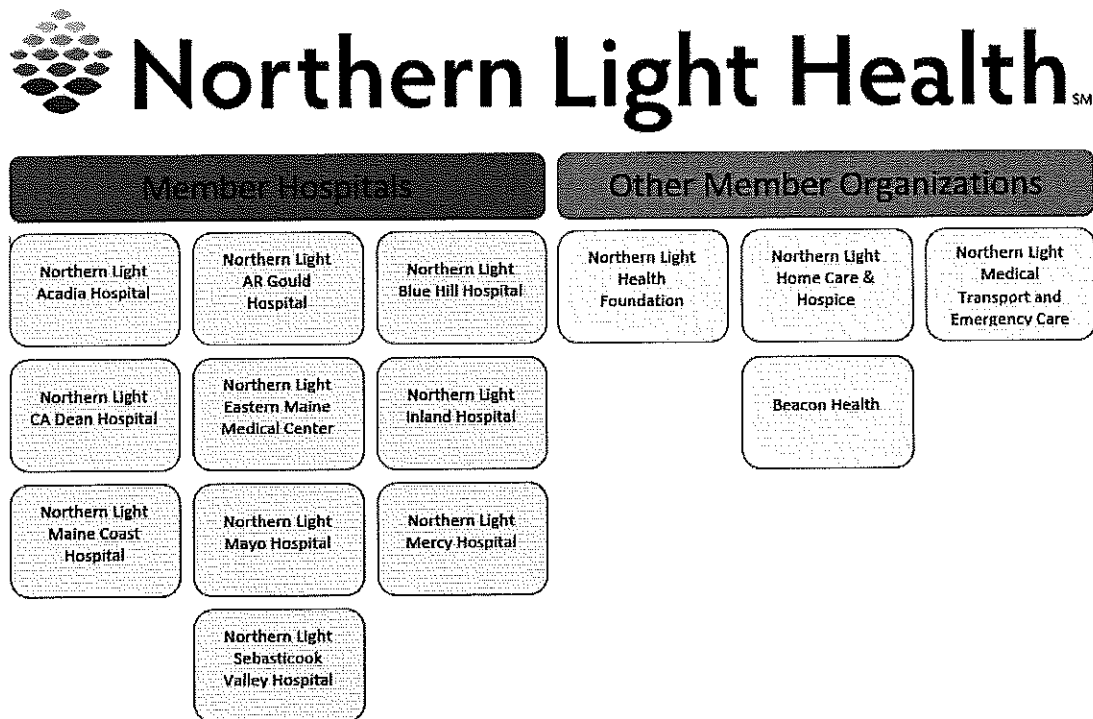
**DESCRIPTION OF NORTHERN LIGHT HEALTH**

Geographically, Northern Light Health is the largest health care system in Maine with a statewide footprint and over 130 service locations. The System employs over 12,500 people throughout the State, dedicated to delivering quality health care to the people of Maine. Northern Light Health's service area for its acute care hospitals encompasses 11 counties with an estimated population of 1.1 million—about 82% of Maine's total population. The System is licensed for 1,012 acute care beds, not including additional temporary licensed beds as part of COVID care preparation. Northern Light Health has 1,725 active providers on hospitals' medical staff, including clinicians providing telehealth services.

Northern Light Health (“The System”), is comprised of many organizations, including ten hospitals: Northern Light Acadia Hospital, Northern Light AR Gould Hospital, Northern Light Blue Hill Hospital, Northern Light CA Dean Hospital, Northern Light Eastern Maine Medical Center, Northern Light Inland Hospital, Northern Light Maine Coast Hospital, Northern Light Mayo Hospital, Northern Light Mercy Hospital, and Northern Light Sebecook Valley Hospital. Brief descriptions of Northern Light clinical members are included in **Attachment F**.

The System’s services network includes acute care medical-surgical hospitals, an acute psychiatric hospital, primary and specialty care physician practices, ambulatory care centers, nursing homes, home care and hospice agency, population health management services, referral laboratory, retail pharmacies, and ground and air emergency transport services. The System’s population health member, Beacon Health, has developed care management, third party administrative, direct to employer, and other services for patients in governmental- and employer-based health plans.

Figure 1: Northern Light Health Organizational Chart



Brief descriptions of Northern Light Health clinical member organizations are included in **Attachment F**.

Northern Light Health senior staff have been actively involved in the planning and development of Blue Hill’s modernization since inception of the project. Northern Light Health, a not for profit integrated health care delivery system, strives to make healthcare work for the people of Maine. In FY 2020, Northern Light Health provided over \$260 million in total community benefit to Maine cities and towns, including almost \$15 million in traditional charity care to Mainers in need. Northern Light Health’s annual community benefit report is **Attachment G**.

Northern Light Health is a strong, capable, and well recognized health system. Northern Light Health emerged as a leader among hospital systems in the State in response to the COVID-19 pandemic, delivering inpatient care, laboratory tests, mass vaccinations, and smaller scale vaccination sites.

### **SUMMARY OF FIT, WILLING AND ABLE**

Blue Hill and Northern Light Health have a strong and experienced leadership team to plan and implement the proposed project. For this Modernization Project, the team has incorporated well-known and accomplished architects, contractors, and financial forecasting experts, as well as expertise of the resource centers at Northern Light Health. Northern Light Health's leadership, led by Chairman/CEO Tim Dentry, fully support the replacement and renovations to Blue Hill. The Northern Light Health Board has approved the CON submission. The Blue Hill team, supported by Northern Light Health, is capable and ready to successfully undertake the proposed project.

## ***B. Certificate of Need Unit Discussion***

### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

### **ii. CON Unit Analysis**

Northern Light Health (NLH) is the most expansive integrated health care system in Maine. NLH provides care to people throughout the State of Maine. NLH is made up of ten member hospitals with 987 licensed beds, a single physician-led medical group, eight nursing homes with 585 long-term beds, five emergency transport members and 584 long-term beds, a single physician led medical group, eight nursing homes, five emergency transport members and 37 primary care locations. NLH has over 12,000 employees.

Northern Light Blue Hill Hospital (Blue Hill) is a 25-bed critical access hospital located in Blue Hill, ME. Blue Hill provides a range of inpatient and outpatient diagnostic and therapeutic services including Cardiovascular care, Emergency care, Endocrinology and Diabetes Care, Pathology, Rehabilitation, Transitional care, Urology, Women's Health, Orthopedics and Primary care. Blue Hill has been a member hospital of NLH and its predecessor, Eastern Maine Health System, since 2005.

In order to document that Blue Hill is fit, willing and able CONU reviewed quality measures available at the Medicare hospital compare website (<https://www.medicare.gov/care-compare>). Quality measures available at this site include:

- 1): Overall star rating
- 2): Patient survey rating
- 3): Timely and effective care
- 4): Complications & deaths
- 5): Unplanned Hospital visit

Unfortunately, data for these measures at Blue Hill is unavailable or very limited. Since Blue Hill is a member of NLH, CONU will review quality measures from Northern Light Eastern Maine Medical Center (NLH's flagship tertiary care hospital) and Northern Light Maine Coast Hospital an acute care hospital located in close proximity to Blue Hill. The data is presented below:

#### Overall Star Rating:

The overall star rating for hospitals summarizes quality information on important topics, like readmissions and deaths after heart attacks or pneumonia. The overall rating, between 1 and 5 stars, summarizes a variety of measures across 7 areas of quality into a single star rating for each hospital. The 7 measure groups include:

- Mortality
- Safety of care
- Readmission
- Patient experience
- Effectiveness of care
- Timeliness of care
- Efficient use of medical imaging

The overall rating shows how well each hospital performed on an identified set of quality measures compared to other hospitals in the U.S. The more stars, the better a hospital performed on the available quality measures. Some new or small hospitals (such as Blue Hill) may not report data on all measures, and therefore, aren't eligible for an overall hospital rating. EMMC received an overall 2-star rating while Maine Coast received an overall 4-star rating.

For comparison purposes the following table is included which shows the national distribution of the overall star rating (April 2021 results):



Overall Rating	No. of Hospitals (N = 4,586),%
1 stars	204(6.06%)
2 stars	690 (20.57%)
3 stars	1,018 (30.34%)
4 stars	988 (29.45%)
5 stars	455 (13.56%)
N/A	1,181 (26.03%)

EMMC's rating is lower than the average national overall star rating while Blue Hill is above average.

#### Patient Survey Rating:

The patient survey rating measures patients' experiences of their hospital care. Recently discharged patients were asked about important topics like how well nurses and doctors communicated, how responsive hospital staff were to their needs, and the cleanliness and quietness of the hospital environment. The Blue Hill and EMMC measurements along with national and Maine measurements are outlined below:

Patient Survey Rating	Maine Coast	EMMC	National	Maine
Patients who reported that their nurses "Always" communicated well.	79%	75%	81%	85%
Patients who reported that their doctors "Always" communicated well.	76%	76%	82%	84%
Patients who reported that they "Always" received help as soon as they wanted.	63%	55%	70%	73%
Patients who reported that the staff "Always" explained about medicines before giving it to them.	65%	58%	66%	70%

Patients who reported that their room and bathroom were "Always" clean.	80%	69%	76%	79%
Patients who reported that the area around their room was "Always" quiet at night.	47%	42%	62%	59%
Patients who reported that YES, they were given information about what to do during their recovery at home.	89%	85%	87%	89%
Patients who "Strongly Agree" they understood their care when they left the hospital.	50%	47%	54%	57%
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest).	64%	60%	73%	75%
Patients who reported YES, they would definitely recommend the hospital.	65%	64%	72%	75%

EMMC received a 2-star patient survey rating while Maine Coast received a 3-star rating. EMMC and Maine Coast patient survey ratings show that both hospitals performance measures are lower than Maine and National measures.

Timely and Effective Care:

Timely and Effective Care	Maine Coast	EMMC	National	State
Percentage of patients who received appropriate care for severe sepsis and septic shock	76%	70%	60%	70%
Percentage of patients receiving appropriate recommendation for follow-up screening colonoscopy	100%	98%	91%	98%
Average (median) number of minutes before outpatients with chest pain or possible heart attack who needed specialized care were transferred to another hospital	NA	NA	58%	72%
Percentage of outpatients with chest pain or possible heart attack who got drugs to break up blood clots within 30 minutes of arrival	NA	NA	54%	69%
Percentage of patients who left the emergency department before being seen	1%	2%	2%	2%
Percentage of patients who came to the emergency department with stroke symptoms who received brain scan results within 45 minutes of arrival	83%	NA	72%	58%
Emergency department volume	Low	Medium	NA	NA
Average (median) time patients spent in the emergency department before leaving from the visit	154 min.	204 min.	146 min.	160 min.
Percentage of healthcare workers given influenza vaccination	96%	92%	91%	92%
Percentage of patients receiving appropriate radiation therapy for cancer that has spread to the bone	NA	83%	91%	90%

Percentage of mothers whose deliveries were scheduled too early (1-2 weeks early), when a scheduled delivery wasn't medically necessary	NA	0%	3%	0%
Percentage of outpatients with low-back pain who had an MRI without trying recommended treatments (like physical therapy) fir	NA	35.60%	38.50%	39.40%
Percentage of outpatient CT scans of the abdomen that were "combination" (double) scans	2.1%	1.90%	1.90%	1.30%
Percentage of outpatients who got cardiac imaging stress tests before low-risk outpatient surgery	1.8%	3.20%	4.10%	3.30%

Measures relating to timely and effective care indicate that Maine Coast is better in State and National averages in seven instances and worse in one measures. EMMC appears to be equal to or better than State and National averages in six instances and worse in three.

#### Complications and Deaths:

Patients who are admitted to the hospital for treatment of medical problems sometimes get other serious injuries, complications, or conditions, and may even die. Some patients may experience problems soon after they are discharged and need to be admitted to the hospital again. These events can often be prevented if hospitals follow best practices for treating patients.

Complications	Maine Coast	National	EMMC	National
Rate of complications for hip/knee replacement patients	2.7%	ND	2.90%	ND
Serious complications	1.21	ND	1.35	W
Deaths among patients with serious treatable complications after surgery	NA	NA	190.45	ND

NA = Not available/Not applicable, W = Worse, ND = No difference

Maine Coast is no different than National averages in two instances. EMMC is worse in one measure and no different in two measures.

Infections	Maine Coast	National	EMMC	National
Central line-associated bloodstream infections (CLABSI) in ICUs and select wards	NA	NA	0.66	ND
Catheter-associated urinary tract infections (CAUTI) in ICUs and select wards	NA	NA	1.082	ND
Surgical site infections (SSI) from colon surgery	NA	NA	1.038	ND
Surgical site infections (SSI) from abdominal hysterectomy	NA	NA	NA	NA
Methicillin-resistant Staphylococcus Aureus (MRSA) blood infections	NA	NA	0.676	ND
Clostridium difficile (C.diff.) intestinal infections	0.582	ND	0.437	B

NA = Not Available/Not applicable, ND = No difference, B = Better

Only one infection measure was available for Maine Coast and it showed no difference between Maine Coast and National averages. EMMC was no different than national averages in most instances and better in one infection measure.

Death Rates	Maine Coast	National	EMMC	National
Death rate for COPD patients	7.8%	ND	9.50%	ND
Death rate for heart attack patients	12.3%	ND	10.70%	ND
Death rate for heart failure patients	12.1%	ND	12%	ND
Death rate for pneumonia patients	16.30%	ND	15.30%	ND
Death rate for stroke patients	12.80%	ND	16%	ND
Death rate for CABG surgery patients	NA	NA	3.20%	ND

NA = Not Available/Not applicable, ND = No difference

Maine Coast and EMMC are no different than national averages in death rates.

Unplanned Hospital Visits:

Returning to the hospital for unplanned care disrupts patients' lives, increases their risk of harmful events like healthcare-associated infections, and costs more money. Hospitals that give high quality care can keep patients from returning to the hospital and reduce their stay if they have to come back.

Unplanned Hospital Visits	Maine Coast	National	EMMC	National
Rate of readmission after discharge from hospital (hospital-wide)	14.70%	ND	14.10%	B
Rate of readmission for chronic obstructive pulmonary disease (COPD) patients	18.8%	ND	20%	ND
Rate of readmission for heart attack patients	15.6%	ND	15%	ND
Hospital return days for heart attack patients	NA	NA	2.8	NA
Rate of readmission for heart failure patients	15.6%	ND	20.30%	ND
Hospital return days for heart failure patients	41.2	NA	2.80	NA
Rate of readmission for pneumonia patients	16.4%	ND	16.70%	ND
Hospital return days for pneumonia patients	2.4	NA	12.5	NA
Rate of readmission for coronary artery bypass graft (CABG) surgery patients	NA	NA	12.20%	ND
Rate of readmission after hip/knee replacement	4.1%	ND	3.90%	ND
Rate of unplanned hospital visits after an outpatient colonoscopy	14.5 per 1000	ND	14.10 per 1000	ND
Rate of inpatient admissions for patients receiving outpatient chemotherapy (per 100 chemotherapy patients)	12.6%	ND	9.90%	B

Rate of emergency department (ED) visits for patients receiving outpatient chemotherapy (per 100 chemotherapy patients)	5.2%	ND	7.30%	ND
Ratio of unplanned hospital visits after hospital outpatient surgery	0.7	NA	1.1	NA

NA = Not Available/Not applicable, ND = No Different, B = Better

Maine Coast is no different in national averages while EMMC is no different in national averages in most instances and better than national averages in two measures of unplanned hospital visits.

### Survey Results

CONU examined the most recent survey results for Blue Hill, EMMC, and Maine Coast. The results of the most recent surveys are as follows:

#### Federal Survey

Blue Hill: A Federal recertification survey occurred at Blue Hill on 7/17/2019. Blue Hill is in substantial compliance with 42 Code of Federal Regulations.

EMMC: EMMC is a deemed facility. On May 2, 2018 through May 3, 2018, a revisit survey to the recertification survey was conducted at EMMC, an Acute Care Hospital. The purpose of this revisit survey was to evaluate compliance with 42 CFR Part 482, Conditions of Participation: Physical Environment (§482.41) and other standard level deficiencies cited during the recertification survey. This survey determined the hospital was in substantial compliance with 42 CFR, Part 482, Conditions of Participation.

Maine Coast: Maine Coast is a deemed facility. A Federal recertification survey was completed on January 16, 2020. A revised plan of correction was received on March 20, 2020 and found to be acceptable. Maine Coast, an Acute Care Hospital, is in substantial compliance with 42 CFR, Part 482.

#### Complaint Survey

Blue Hill: A Federal Complaint Survey was conducted at Blue Hill, a Critical Access Hospital, to evaluate compliance with CFR, Part 485, Condition of Participation, Infection Control & Prevention & Antibiotic Stewardship Programs. The survey determined the hospital was in substantial compliance with no standard level deficiencies were identified.

EMMC: A complaint survey was conducted at EMMC, an Acute Care Hospital, to evaluate compliance with 42 Code of Federal Regulations (CFR) Part 482, Condition of Participation: Patient Rights (§482.13) and Condition of Participation: Nursing Services (§482.23). This survey determined the hospital was in substantial compliance with 42 CFR Part 482 Condition of Participation Patients' Rights and Nursing Services. No standard level deficiencies, in these areas, were identified.

Maine Coast: A Federal EMTALA survey was conducted on March 18, 2021. It was determined that Maine Coast, an Acute Care hospital, is in substantial compliance with 42 Code of Federal Regulation Part 489, Responsibilities of Medicare Participating Hospitals in Emergency Cases.

Blue Hill is a member of the Northern Light Quality Council, chaired by Colleen Hilton, SVP Continuing Care and President of Northern Light Home Care & Hospice. Blue Hill has two employees who represent Blue Hill. As members of the Council, Blue Hill reports on Quality improvement efforts, initiatives, and results on the following:

- Pressure Injuries
- Falls with or without injury
- Hospital Acquired Conditions and Infections
- Medication Errors
- Readmission rates
- Breast Cancer Screening
- Hypertension Control
- Diabetes Control

\*The above list is not all inclusive. Other initiatives/projects may be instituted based on results, patient outcomes and other factors.

Northern Light Health supports quality initiatives at Blue Hill with the direction of Navneet Marwaha, MD Chief Quality Officer and Kristen Brasslett, RN, Director of Quality Improvement. These leaders are also members of the Northern Light Quality Council and are readily available to assist Blue Hill on Quality initiatives. Other Northern Light Health staff also support Blue Hill, including the Director of Patient Safety and Director of Patient Experience. Strong expertise, analytic tools, process improvement professionals, and regular reports provide the clinical organizations with information and resources to support quality improvement.

Northern Light Blue Hill Hospital does participate in the reporting of Quality results. This includes reporting of inpatient results to:

- CMS Core Measures
- NHSN
- QHIP
- Leapfrog

\*Due to low volumes, most results are not available for public reporting.

Using certified electronic health record technology (CEHRT), Northern Light also reports performance on programs such as MIPS and Promoting Interoperability to support ambulatory and primary care services.



### **Deeming of Standard**

As provided for at 22 M.R.S. § 335 (7)(A), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the requirements of this paragraph are deemed to have been met if the services previously provided in the State by the applicant are consistent with applicable licensing and certification standards.

As stated by the applicant, Northern Light hospitals have been licensed to provide a wide array of hospital services in the State of Maine for many years. The services provided by the applicant are consistent with applicable licensing and certification standards. Due to the recent presence of conditional level deficiencies at NLH facilities the following condition applies:

### **iii. Conclusion**

The Certificate of Need Unit recommends that the Commissioner find that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

### **III. Economic Feasibility**

#### **A. From Applicant**

Historic and projected statements of operations with assumptions are presented in **Attachment H**.

Audited financial statements for the most recent two years are included as **Attachment I**.

#### **CAPITAL COSTS**

A detailed capital budget for the Blue Hill Modernization Project follows:

**Table 5: Capital Expenditures Budget**

	Estimated Costs	Non-CON Costs	Total Project
Purchase of Land	\$ -	\$ -	\$ -
Site Work/ Land Improvements <sup>1</sup>	\$ 998,916	\$ 470,000	\$ 1,468,916
Architects/Engineering Fees	\$ 1,002,596	\$ -	\$ 1,002,596
Project Supervision	\$ -	\$ -	\$ -
Construction	\$ 11,899,036	\$ -	\$ 11,899,036
Construction Contingency	\$ 2,584,951	\$ -	\$ 2,584,951
Fixed Equipment/Furnishings	\$ -	\$ -	\$ -
Moveable Equipment <sup>2</sup>	\$ 400,000	\$ 800,000	\$ 1,200,000
Consultant Fees	\$ -	\$ -	\$ -
Legal	\$ -	\$ -	\$ -
Insurance	\$ 7,500	\$ -	\$ 7,500
Fees	\$ 57,000	\$ -	\$ 57,000
Interest During Construction	\$ -	\$ -	\$ -
Financing Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ 5,000	\$ -	\$ 5,000
<b>Subtotal</b>	<b>\$ 16,955,000</b>	<b>\$ 1,270,000</b>	<b>\$ 18,225,000</b>
Project Contingency <sup>3</sup>	\$ 1,275,000		\$ 1,275,000
CON Filing Fee <sup>4</sup>	\$ 17,000		\$ 17,000
<b>Max Allowable Expenditure for CON</b>	<b>\$ 18,247,000</b>	<b>\$ 1,270,000</b>	<b>\$ 19,517,000</b>

Notes:

<sup>1</sup>Parking lot construction = \$470,000

<sup>2</sup>Two-thirds of moveable equipment is considered replacement

<sup>3</sup>8% additional project contingency assumed to be added as part of the CON application review;  
Project contingency recognizes cost increases which may occur due to current construction cost trends.

<sup>4</sup>Calculated at \$1000/million based on subtotal before CON application contingency

The proposed capital expenditure was developed by experts and incorporates the costs to design, build and/or renovate facilities to implement the project described.

**Table 6: Sources and Uses of Funds**

<b>Sources &amp; Uses of Cash (in '000 dollars)</b>	
	<b>Total</b>
Equity Contribution - Includes Philanthropy and Capital Reserves	\$19,517
<b>Total Sources of Cash</b>	<b>\$19,517</b>
Construction and Related Expense	\$19,517
<b>Total Uses of Cash</b>	<b>\$19,517</b>

#### **Funding Support**

As part of philanthropic efforts, Blue Hill Hospital and the Northern Light Foundation are conducting a capital campaign to support this project which is seen very favorably by residents of and visitors to the region. The goal of the capital campaign is \$4 million, and at the time of the CON filing over 75% has been pledged.

In addition, approximately \$10 million of reserve funds in the common treasury, previously donated to support Blue Hill projects, will be allocated as System equity to the proposed project. The remaining source of funds is from Blue Hill's cash flows. Northern Light Health, Blue Hill's parent organization, maintains a common treasury for all member hospitals. This includes the establishment of one centralized cash concentration account in order to more efficiently manage collections and disbursements while maximizing earnings on available balances. The consolidated balance sheet of Northern Light Health should be relied upon for purposes of assessing funding capacity for the Blue Hill project.

### **OPERATING COST IMPACT**

#### **Staffing Assumptions**

It is anticipated that this project will result in savings through staff reductions, mainly due to the reduction in the number of beds. The full impact will be realized in the first full fiscal year post implementation in 2024.

#### **Financial Statement Impact**

Historic and projected operating statements are included in **Attachment H**. Conservative volume and revenue assumptions were employed to assure that income and responsible financial management would be reasonably attainable.

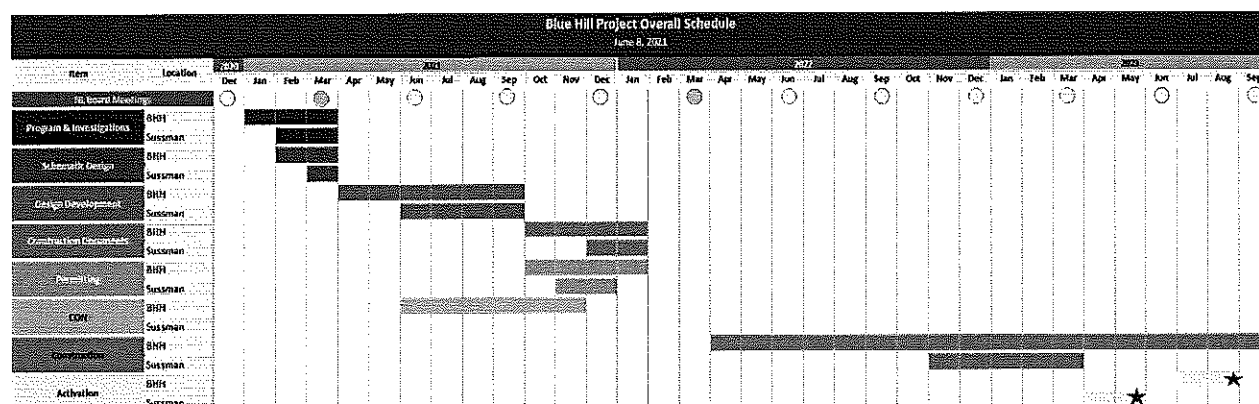
The Blue Hill modernization is estimated to impact operating costs as indicated on **Table 7**. Operating costs savings are anticipated in two key areas: salaries/benefits and operating expenses.

**Table 7: Net Reduction in Annual Operating Costs**

Expense	Est. Annual Cost Savings	Notes
Salaries and Benefits	\$884,497	Staff reductions and benefits due to decrease in available beds and more efficient facility
Operating Expenses	\$850,000	Cost savings anticipated for reduced maintenance and facility savings from more efficient facility
Total Savings	\$1,734,497	*Savings will impact financial results beginning in FY24

## PROJECT DEVELOPMENT TIMELINE

**Figure 2: Blue Hill Modernization Project Master Schedule**



This project is well planned out to be operationalized by Spring 2023. The financial feasibility model anticipates expenditures per the timeline in **Figure 2**. "Activation" refers to the operationalization of the new facility.

## SUMMARY OF FINANCIAL FEASIBILITY

Blue Hill and Northern Light Health have diligently planned an appropriate scope of services for campus modernization. The project will result in reductions to annual operating costs. This project is economically feasible and will improve Blue Hill's financial position. The community supports this project, as reflected in the significant fundraising for the initiative. This project has been shown to be financially feasible.

## **B. Certificate of Need Unit Discussion**

### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that the economic feasibility of the proposed services is demonstrated in terms of the:

- Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
- Applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state, and local licensure and other applicable or potentially applicable rules.

### **ii. CON Unit Analysis**

In order to assess the financial stability of the applicant, the CONU used financial ratios to measure profitability, liquidity, capital structure and asset efficiency. CONU examined both EMMC and Blue Hill financial results. Financial ratios were obtained from the Maine Health Data Organization Hospital Financial Information Part 1 and Maine Health Data Organization Hospital Financial Data Definitions available on MHDO's website <http://mhdo.maine.gov/imhdo/>. Additional information was obtained from the 2018 Almanac of Hospital Financial and Operating Indicators.

#### **PROFITABILITY RATIOS**

CONU used three profitability ratios to measure the applicant's ability to produce a profit (excess of revenue over expenses). Hospitals cannot be viable in the long term without an excess of revenues over expenditures. Cash flow would not be available to meet normal cash requirements needed to service debt and investment in fixed or current assets. Profitability has a large impact on most other ratios. For example, low profitability may adversely affect liquidity and sharply reduce the ability to pay off debt.

**Operating margin:** The operating margin is the most commonly used financial ratio to measure a hospital's financial performance. The operating margin measures the proportion of operating revenue retained as income and measures the hospital's profitability from providing patient care and other hospital operations.

This ratio is calculated as follows: *Operating Income/Total Operating Revenue*

Operating Margin	2014	2015	2016	2017	2018
EMMC	2.5%	5.49%	3.83%	3.25%	1.01%
Blue Hill	5.27%	6.46%	2.72%	2.34%	10.86%
All Maine Hospital Median	(0.93%)	.23%	(0.54%)	.78%	.39%
National Median	N/A	N/A	N/A	N/A	N/A

Performance implications: Increasing values are favorable

**Net Operating Income (Loss):** Net operating income is calculated by subtracting operating expense from operating revenue. This measure is used to look at how a hospital's net operating income performed in comparison with last years' figure and whether or not there is a positive or negative trend in the future.

Net Operating Income (Loss)	2014	2015	2016	2017	2018
EMMC	\$16,727,906	\$39,562,673	\$29,747,185	\$27,815,541	\$8,883,385
Blue Hill	\$1,956,483	42,557,911	\$1,070,298	\$949,221	\$4,789,966
All Maine Hospital Median	(\$251,339)	\$194,646	(\$341,747)	\$533,127	\$542,620
National Median	N/A	N/A	N/A	N/A	N/A

**Return on Equity:** This ratio defines the amount of excess revenue over expenses and losses earned per dollar of equity investment. Most not-for-profit hospitals received their initial, start-up equity capital from religious, educational, or governmental entities, and today some hospitals continue to receive funding from these sources. However, since the 1970s, these sources have provided a much smaller proportion of hospital funding, forcing not-for-profit hospitals to rely more on excess revenue over expenses and outside contributions. Many analysts consider the Return on Equity measure a primary indication of profitability. A hospital may not be able to obtain equity capital in the future if it fails to maintain a satisfactory value for this ratio. This ratio was calculated as follows: *Excess of Revenue over Expenses/Fund Balance-Unrestricted*

Return on Equity	2014	2015	2016	2017	2018
EMMC	5.25%	11.78%	8.32%	17.50%	3.75%
Blue Hill	9.62%	12.60%	3.80%	53.41%	53.92%
All Maine Hospital Median	4.19%	2.06%	.04%	7.56%	3.82%
National Median	7.30%	7.00%	5.80%	4.50%	N/A

Performance implications: Increasing values are favorable

Trends: Nationally many hospitals were showing improvements.

## LIQUIDITY RATIOS

CONU used three liquidity ratios to measure the applicant's ability to meet short-term obligations and maintain cash position. A poor liquidity ratio would indicate that the hospital is unable to pay current obligations as they come due.

**Current Ratio (Without Board Designated and Undesignated Investments):** Current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations. The ratio is mainly used to determine if the hospital is able to pay back its short-term liabilities (debt and payables with its short-term assets (cash, inventory, receivables). From an evaluation standpoint, high values for the Current Ratio imply a high likelihood of being able to pay short term obligations. A ratio under 1 suggests that the hospital would be unable to pay off its obligations if they came due at that point.

This ratio is calculated as follows: *Total Current Assets/Total Current Liabilities*

Current Ratio	2014	2015	2016	2017	2018
EMMC	1.62	1.81	2.17	2.46	3.15
Blue Hill	1.08	1.18	1.27	1.08	1.90
All Maine Hospital Median	1.63	1.70	1.91	1.83	1.81
National Median	2.13	2.19	2.17	2.29	N/A

Performance implications: Increasing values are favorable

Trends: The Current Ratio continues to show improvements across many hospitals. This continued improvement implies that hospitals are generally well managing their liquidity.

**Days Cash on Hand (Current):** Days cash on hand is a common measure that gives a snapshot of how many days of operating expenses a hospital could pay with its current cash available. High values for this ratio usually imply a greater ability to meet short term obligations and are viewed favorably by creditors.

This ratio is calculated as follows: *Cash & Investments + Current Assets Who's Use is Limited/Total Advertising + Salaries & Benefits + Other Operating Expenses + Interest/365 days*

Days Cash on Hand (Current)	2014	2015	2016	2017	2018
EMMC	28.1	33.2	41.8	14.4	52.1
Blue Hill	40.2	55.0	26.2	(2.0)	36.0
All Maine Hospital Median	26.4	28.3	18.8	18.2	24.9
National Median	35.4	29.7	33.1	44.3	N/A

Performance implications: Increasing values are favorable



**Average Payment Period (Current Liabilities):** This ratio provides a measure of the average time that elapses before current liabilities are paid. Creditors regard high values for this ratio as an indication of potential liquidity problems.

This ratio is calculated as follows: *Total Current Liabilities/ ((Total Expenses – Depreciation Expense/365).*

Average Payment Period	2014	2015	2016	2017	2018
EMMC	52.6	52.1	45.0	36.7	37.3
Blue Hill	90.6	99.0	73.9	51.0	55.4
All Maine Hospital Median	76.5	75.5	71.5	57.9	54.9
National Median	54.9	54	52.6	53.7	N/A

Performance implications: Decreasing values are favorable.

Trends: Nationally, this ratio has been creeping upwards during the last five years. Large hospitals have some of the higher values as do hospitals with low operating margins.

#### CAPITAL STRUCTURE RATIOS

CONU used three capital structure ratios in order to measure the applicant's capacity to pay for any debt. The hospital industry has radically increased its percentage of debt financing over the past two decades making this ratio vitally important to creditors who determine if a hospital is able to increase its debt financing. The amount of funding available to a hospital directly impacts its ability to grow.

**Debt Service Coverage:** This ratio measures the amount of cash flow available to meet annual interest and principal payments on debt. A DSCR of less than 1 would mean a negative cash flow. This ratio is calculated as follows: *Excess of Revenue over Expenses + Depreciation + Interest/Interest + Previous Years Current LTD*

Debt Service Coverage	2014	2015	2016	2017	2018
EMMC	7.42	11.98	7.67	5.02	2.94
Blue Hill	18.55	22.96	13.28	43.82	70.09
All Maine Hospital Median	2.79	2.99	2.09	2.90	2.69
National Median	2.67	3.39	3.33	2.32	N/A

Performance implications: Increasing values are favorable

**Cash Flow to Total Debt:** This coverage ratio compares a company's operating cash flow to its total debt. This ratio provides an indication of a hospital's ability to cover total debt with its yearly cash flow from operations. The retirement of debt principal is not a discretionary decision. It is a contractual obligation that has definite priority in the use of funds. Therefore, a decrease in the

value of the Cash Flow to Total Debt ratio may indicate a future debt repayment problem. The higher the percentage ratio, the better the company's ability to carry its total debt.

This ratio is calculated as follows: *Excess of Revenue over Expenses + Depreciation/Total Current Liabilities + Total Non- Current Liabilities*

Cash Flow to Total Debt	2014	2015	2016	2017	2018
EMMC	10.24%	15.46%	10.79%	11.88%	7.20%
Blue Hill	26.26%	30.72%	18.30%	31.56%	53.30%
All Maine Hospital Median	9.07%	10.70%	9.46%	14.44%	11.66%
National Median	23.50%	22.50%	19.80%	17.30%	N/A

Performance implications: Increasing values are favorable.

**Fixed Asset Financing:** This ratio defines the proportion of net fixed assets (gross fixed assets less accumulated depreciation) financed with long-term debt. This ratio is used by lenders to provide an index of the security of the loan. This ratio is calculated as follows: *Long Term Debt/Net Plant, Property & Equipment*

Fixed Asset Financing	2014	2015	2016	2017	2018
EMMC	83.03%	63.35%	90.81%	78.12%	77.69%
Blue Hill	21.03%	20.92%	26.02%	24.32%	26.12%
All Maine Hospital Median	44.85%	43.67%	45.83%	47.31%	46.09%
National Median	55.50%	44.40%	45.20%	54.70%	N/A

Performance implications: Decreasing values are favorable.

Trends: Nationally, this ratio has declined for the last three years.

### ASSET EFFICIENCY RATIOS

CONU used two asset efficiency ratios. These ratios measure the relationship between revenue and assets.

**Total asset turnover ratio:** Provides an index of the number of revenue dollars generated per dollar of asset investment. Higher values for this ratio imply greater generation of revenue from a limited resource base and are sometimes viewed as a positive indication of efficiency. This ratio is affected by the age of the plant being used by the hospital. This ratio is calculated as follows: *Total Operating Revenue + Total non-operating Revenue/Total Unrestricted Assets.*

Total Asset Turnover	2014	2015	2016	2017	2018
EMMC	0.89	0.93	0.83	1.11	1.11
Blue Hill	1.01	1.03	1.06	2.92	2.27
All Maine Hospital Median	1.14	1.18	1.22	1.41	1.58
National Median	0.98	1.01	1.00	0.97	N/A

Performance Implications: Increasing values are favorable

Trends: Nationally, these values have held fairly steady for the last several years.

**Fixed Asset Turnover Ratio:** Measures the number of revenue dollars generated per dollar of fixed asset investment. High values for this ratio may imply good generation of revenue from a limited fixed asset base and are usually regarded as a positive indication of operating efficiency. This ratio is calculated as follows: *Total Operating Revenue/Net Plant, Property, & Equipment*

Fixed Asset Turnover	2014	2015	2016	2017	2018
EMMC	2.63	2.19	1.98	1.90	1.97
Blue Hill	4.35	4.94	5.27	5.09	5.69
All Maine Hospital Median	2.94	3.02	3.04	3.15	3.35
National Median	N/A	N/A	N/A	N/A	N/A

Performance implications: Increasing values are favorable

**CONU Summary of Financial Ratios:** Below is a chart summarizing the percentage of time EMMC and Blue Hill meet or exceeds Maine or National medians between 2014 and 2018.

EMMC	RATIO	MAINE	NATIONAL
Profitability	Operating Margin	100%	NA
Profitability	Net Operating Income	100%	NA
Profitability	Return on Equity	80%	50%
Liquidity	Current Ratio	80%	50%
Liquidity	Days Cash on Hand	80%	50%
Liquidity	Avg. Payment Period	100%	100%
Capital Structure	Debt Service Coverage	100%	100%
Capital Structure	Cash Flow to Total Debt	60%	0%

Capital Structure	Fixed Asset Financing	0%	0%
Asset Efficiency	Total Asset Turnover	0%	25%
Asset Efficiency	Fixed Asset Turnover	0%	NA

NA-Not available

Blue Hill	RATIO	MAINE	NATIONAL
Profitability	Operating Margin	100%	N/A
Profitability	Net Operating Income	100%	N/A
Profitability	Return on Equity	100%	N/A
Liquidity	Current Ratio	20%	60%
Liquidity	Days Cash on Hand	80%	75%
Liquidity	Avg. Payment Period	20%	25%
Capital Structure	Debt Service Coverage	100%	100%
Capital Structure	Cash Flow to Total Debt	100%	1100%
Capital Structure	Fixed Asset Financing	100%	100%
Asset Efficiency	Total Asset Turnover	40%	100%
Asset Efficiency	Fixed Asset Turnover	100%	NA

NA-Not available

EMMC meets or exceeds Maine performance averages in 8 out of 11 measures and exceeds National averages in 5 out of 11 measures. Blue Hill meets or exceeds Maine performance measures in 8 out of 11 measures and exceeds National averages in 6 out of 11 measures.

This project will reduce the overall footprint of Blue Hill by 58,934 square feet while still meeting the regions healthcare needs. The applicant prepared a comprehensive analysis of current and projected hospital services statistics through FY 2026. Days and discharge volume are expected to decrease based on average daily census of 9, due to a slight decrease in available beds. Emergency Department visits, Lab Utilization and Radiology/Imaging volumes are expected to remain constant. Primary and Specialty Care volumes are expected to grow.

An examination of Blue Hill's projected financial results through FY 2026 reveals that revenues are projected to decrease in FY 2024 as a result of a reduction in available beds. Staffing reductions and operating efficiencies should contribute to reduced operating expenses. Positive net operating incomes are projected through FY 2026. This project is not expected to require additional borrowing since it will be funded by an equity contribution by Northern Light Health, which will be augmented by estimated public contributions of \$4,000,000.

CONU examined the consolidated balance sheet of Northern Light Health, Blue Hill's parent company, to determine if adequate funding capacity exists to support this project in the event financial projections do not meet expectations. As of September 30, 2020, Northern Light Health

had cash and cash equivalents of \$151,470,000 and short-term investments of \$176,908,000 which are sufficient to support this project over its useful life.

### **Changing Laws and Regulations**

Certificate of Need Unit staff is not aware of any imminent or proposed changes in laws and regulations that would impact the project.

### **Deeming of Standard**

As provided for at 22 M.R.S. § 335 (7)(B), if the applicant is a provider of health care services that are substantially similar to those services being reviewed and is licensed in the State, the applicant is deemed to have fulfilled the requirements of this standard if the services provided in the State by the applicant during the most recent 3-year period are of similar size and scope and are consistent with the applicable licensing and certification standards.

The applicant has provided hospital services for decades and is currently licensed by the State of Maine. This project does not seek to expand current services but seeks to achieve financial and operating efficiencies in order to maintain necessary health care services in Blue Hill's service area. The deeming standard has been met.

### **iii. Conclusion**

Certificate of Need Unit staff recommend that the Commissioner determine that the applicant has met their burden to demonstrate: (1) the capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and (2) the applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules.

## **IV. Public Need**

### **A. From Applicant**

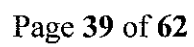
#### **NEEDS OF THE COMMUNITY**

The proposed project will ensure that Blue Hill Hospital can continue to provide services to residents of the area in a more cost and resource efficient manner. Blue Hill provides critical access to healthcare for many patients and visitors to the region, including remote communities like Deer Isle, Stonington, Sunset, and Isle Au Haut. All services and programs are sized appropriately for the current and anticipated future demand for services given anticipated industry trends and demographic changes.

#### **BLUE HILL SERVICE AREAS AND MARKET OVERVIEW**

Blue Hill's total service area is defined by contiguous zip codes from where the hospital's inpatient discharges originate, split into primary and secondary areas as illustrated in **Figure 3**. In an analysis of FY 2020 internal inpatient data, approximately 70% of the hospital's discharges originated from the Primary Service Area (PSA), and an additional 17% of the hospital's discharges originated from the Secondary Service Area (SSA). Blue Hill's service area is not projected to change as a result of this project. **Figure 3** and **Table 8** below provide more detail regarding Blue Hill's Service Area and the origin of the hospital's inpatient discharges.

#### **Figure 3: Blue Hill Service Area Map**



**Table 8: Blue Hill Service Area Discharges Volume by Town of Origin**

**Blue Hill Hospital Inpatient Discharges - Patient Origin, FY 2020**

Service Area	Town	Discharges	% of Total
PSA	Blue Hill	84	19.5%
PSA	Deer Isle	64	14.9%
PSA	Stonington	39	9.1%
PSA	Sedgwick	29	6.7%
PSA	Penobscot	27	6.3%
PSA	Castine	22	5.1%
PSA	Brooksville	13	3.0%
PSA	Brooklin	9	2.1%
PSA	Little Deer Isle	6	1.4%
PSA	Sunset	4	0.9%
PSA	Harborside	3	0.7%
PSA	East Blue Hill	1	0.2%
PSA	Sargentville	1	0.2%
<b>PSA Total</b>		<b>302</b>	<b>70.2%</b>
SSA	Surry	24	5.6%
SSA	Orland	18	4.2%
SSA	Ellsworth	11	2.6%
SSA	Bucksport	10	2.3%
SSA	Waltham	4	0.9%
SSA	Lamoine	3	0.7%
SSA	Otis	2	0.5%
SSA	Fletchers Landing Twp	1	0.2%
SSA	Amherst	1	0.2%
<b>SSA Total</b>		<b>74</b>	<b>17.2%</b>
<b>Out of SA</b>		<b>54</b>	<b>12.6%</b>
<b>Blue Hill Total Discharges</b>		<b>430</b>	<b>100.0%</b>

Note: Total excludes 2 unknown patient origin discharges

Source: EPSi Decision Support

Inpatient discharges include acute and swing-skilled discharges. As seen above, the communities of the Blue Hill Peninsula benefit from having accessible quality hospital services. Of note, 12.6% of Blue Hill Hospital's discharges are from outside of the service area; this reflects the seasonal utilization by the influx of visitors to this popular destination in Maine, especially in summer months. This seasonality also impacts the utilization of emergency services.

## POPULATION AND AGE CHARACTERISTICS

Blue Hill Hospital serves the Hancock region. As noted in **Table 9** below, population change in the Blue Hill Service Area is expected to remain essentially flat over the next several years. Consistent with other areas in the State, the population of residents age 65 or older in Hancock County is expected to grow, while the population of those under age 65 is expected to decline.



**Table 9: Blue Hill Hospital Service Area Population Trends**

Blue Hill Service Area Population Change Projections 2023 - 2038							
Blue Hill Service Areas	2023	2028	2033	2038	2038 % of Total	% Change 2023-2038	Trajectory 2023-2038
PSA	9,928	9,802	9,616	9,383	29%	-5%	///
SSA	22,203	22,422	22,558	22,579	71%	2%	///
Total	32,131	32,224	32,174	31,962	100%	-1%	///
Hancock County	2023	2028	2033	2038	2038 % of Total	% Change 2023-2038	Trajectory 2023-2038
0-19	9,637	9,047	8,649	8,344	16%	-13%	///
20-44	14,058	13,709	13,183	12,761	24%	-9%	///
45-64	14,690	13,475	13,165	13,159	25%	-10%	///
65+	16,467	18,382	19,085	18,991	36%	15%	///
Total	54,852	54,613	54,081	53,255	100%	-3%	///
Maine Total	2023	2028	2033	2038	2038 % of Total	% Change 2023-2038	Trajectory 2023-2038
0-19	262,656	249,789	240,515	232,560	17%	-11%	///
20-44	389,637	384,530	374,643	366,093	27%	-6%	///
45-64	359,685	335,308	329,849	335,731	24%	-7%	///
65+	343,946	399,211	429,016	437,225	32%	27%	///
Total	1,355,924	1,368,838	1,374,023	1,371,608	100%	1%	///

Source: Maine's Department of Administrative and Financial Services, State Economist, "Maine State and County Population Projections 2038" and "Maine City and Town Population Projections 2038".

The unemployment rate in Hancock County, where Blue Hill Hospital is located, is similar to that of Maine as a whole. According to the Maine Center for Workforce Research and Information's May 2021 *Unemployment and Labor Force* report, the unemployment rate for Hancock County was 4.6% and 4.7% for Maine. Of note, Blue Hill Hospital is the largest employer on the Blue Hill Peninsula.

The campus consolidation recognizes and supports the changes anticipated in regional demographics. Regional demographic trends were considered in the design of the Blue Hill Modernization Project.

## REGIONAL HEALTH NEEDS ASSESSMENT

Northern Light Health collaborates with other health systems and with the State of Maine Centers for Disease Control (MeCDC) on the Maine Shared Community Health Needs Assessment (CHNA). This is a unique, statewide, public-private partnership developed for the purpose of collecting and analyzing data to inform hospitals in the development of Community Health Improvement Plans, required by the IRS, and the State Public Health Office for the public health accreditation. By collaborating on data collection and analysis and partnering in community engagement forums throughout Maine, health systems and public health offices participate in consistent data sharing and hear from community members in a common forum.

Data collection occurs on a three-year cycle. The most recent data collection and engagement forum occurred in 2018.

The Hancock community event took place on October 20, 2018. At this event, officials shared the results of the most recent data collection and the health issues of greatest concern for Hancock County. A prioritization exercise considered what the attendees ranked as most needed for the region. Blue Hill reviewed the findings from the community engagement forum and identified health improvement priorities which were documented in the hospital's Community Health Improvement Plan and shared with public health and other partners.

Blue Hill has focused on 3 major areas of need in the past years, based on information from the health needs assessment and community input: Social Determinants of Health, Access to Care, Substance Abuse. For each of these health priority areas, Blue Hill identified strategies to address the needs.

- ⇒ Social Determinants of Health: Increase the number of sites implementing screening and referrals for health-related social needs.
- ⇒ Access to Care: Increase the number of patients accessing non-urgent care by utilizing community paramedicine programs.
- ⇒ Substance Abuse: Increase the number of Medication-Assisted Treatment options for opioid use readily available in local communities.

The statewide community needs assessment data is currently being updated with another regional engagement session planned for September 30, 2021. High priority issues are expected to be consistent along with a broader focus on social determinants of health. It is clear from its mission and work that Blue Hill will continue to be focused on improving the health and wellbeing of the communities served.

The 2019 Hancock County CHNA report can be found in the link below. This rural area of Maine has social determinant and health status challenges which reinforce the need for a health delivery presence in the Blue Hill region.

[Hancock\\_2019-CHNA\\_FINAL.pdf.aspx \(northernlighthealth.org\)](#)

## BLUE HILL HISTORICAL VOLUME

The following table sets forth a summary of historical and forecasted utilization data for Blue Hill Hospital for fiscal years FY20-FY26. As shown in **Table 10**, Blue Hill provides a significant range and volume of services to service area residents.

**Table 10: Blue Hill Historical and Projected Services Statistics Inpatient and Outpatient Volume**

	May YTD		Forecasted					
	FY 2020	FY 2021 (8 Mths)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b><u>Inpatient Routine Services Statistics</u></b>								
Inpatient Discharges <sup>1</sup>	433	378	567	567	567	512	512	512
Inpatient Days <sup>1</sup>	2,559	2,447	3,671	3,671	3,671	3,306	3,306	3,306
Outpatients in Beds, patient days	251	204	306	306	306	306	306	306
Average Daily Census	7.0	10	10	10	10	9	9	9
Average Length of Stay	5.9	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Case Mix Index	1.04	1.11	1.11	1.11	1.11	1.11	1.11	1.11
<b><u>Ancillary Statistics - Inpatient &amp; Outpatient</u></b>								
<b><u>Visits:</u></b>								
Emergency Department <sup>2</sup>	3,859	2,359	4,324	4,324	4,324	4,324	4,324	4,324
Primary Care <sup>3</sup>	23,747	17,934	26,901	27,708	28,124	28,686	29,116	29,553
Specialty Care <sup>3</sup>	6,403	4,734	7,101	7,243	7,315	7,462	7,611	7,763
<b><u>Procedures and Tests:</u></b>								
Laboratory <sup>4</sup>	60,746	49,807	74,711	67,202	68,546	68,546	68,546	68,546
Radiology/Imaging <sup>5</sup>	10,106	7,564	11,346	11,573	11,636	11,869	12,047	12,228

Source: Blue Hill Hospital Internal Data

**Notes:**

<sup>1</sup>Days and Discharges: in FY24 volumes are projected to decrease based an average daily census of 9, due to slight decrease in available beds.

<sup>2</sup>ED: FY20 volumes were suppressed due to Covid-19. This volume is expected to return to historical levels this year and throughout the forecast period.

<sup>3</sup>Primary and Specialty Care: expectation is continued growth of PC + SC office visits.

<sup>4</sup>Lab Utilization: FY21 was higher due to Covid-19 testing. Lab volumes are expected to be at historical levels for FY22 and beyond.

<sup>5</sup>Radiology/Imaging: volumes decreased in FY20 due to Covid-19, expecting to return to historical volumes with a 1.5-2% annual growth.

## MARKET VOLUMES AND SHARE

As shown in **Tables 11** and **12** below, Blue Hill has a historical inpatient market share of 27% of the PSA and 2% share of the SSA. Market share is not expected to change materially as a result of the proposed modernization project.

**Table 11: Blue Hill Primary Service Area Historical Inpatient Discharges and Market Share**

Blue Hill - Inpatient PSA Market Share				
Facilities	CY 2019	CY 2020 (9 Months)	Market Share 2019	Market Share CY 2020 (9 Months)
Northern Light Blue Hill Hospital	295	186	27%	26%
Northern Light Eastern Maine Medical Center	444	291	41%	41%
Northern Light Maine Coast Hospital	172	149	16%	21%
Maine Medical Center	56	22	5%	3%
St. Joseph Hospital	30	19	3%	3%
Northern Light Acadia Hospital	34	14	3%	2%
Mount Desert Island Hospital	10	7	1%	1%
MaineGeneral Medical Center Augusta	7	3	1%	0%
Other Facilities	36	23	3%	3%
Grand Total	1,084	714	100%	100%

Source: Maine Health Data Organization (MHDO, CY2019 and CY2020(9 months))

**Table 12: Blue Hill Secondary Service Area Historical Inpatient Discharges and Market Share**

Blue Hill - Inpatient SSA Market Share				
Facility	CY 2019	CY 2020 (9 Months)	Market Share 2019	Market Share CY 2020 (9 Months)
Northern Light Blue Hill Hospital	56	35	2%	2%
Northern Light Eastern Maine Medical Center	1,234	879	48%	51%
Northern Light Maine Coast Hospital	799	503	31%	29%
St. Joseph Hospital	170	97	7%	6%
Mount Desert Island Hospital	81	58	3%	3%
Maine Medical Center	79	51	3%	3%
Northern Light Acadia Hospital	58	43	2%	3%
Waldo County General Hospital	26	11	1%	1%
Northern Light Mercy Hospital	13	6	1%	0%
Other Facilities	55	37	2%	2%
Grand Total	2,571	1,720	100%	100%

Source: Maine Health Data Organization (MHDO, CY2019 and CY2020(9 months))

As noted in **Table 13** below, Northern Light Maine Coast is the closest facility to Blue Hill. Travel drive times can be significant between hospitals, particularly in winter. Blue Hill provides services to a significant area on the coast of Maine and is an essential provider in the region.

**Table 13: Distance and Travel Time From Other Maine Hospitals**

Hospitals within 150 Miles of Blue Hill with Drive Time			
Facility	Address	Distance from Blue Hill (in Miles)	Drive Time (in Minutes)
Northern Light Blue Hill Hospital	57 Water St, Blue Hill, ME 04614	-	-
Northern Light Maine Coast Hospital	50 Union St, Ellsworth, ME 04605	14.5	21
Mount Desert Island Hospital	10 Wayman Ln, Bar Harbor, ME 04609	35	53
Northern Light Eastern Maine Medical Center	489 State St, Bangor, ME 04401	37.2	56
St. Joseph Hospital	360 Broadway, Bangor, ME 04401	40.6	53
Northern Light Acadia Hospital	268 Stillwater Ave, Bangor, ME 04401	41.6	56
MaineGeneral Medical Center Augusta	35 Medical Center Pkwy, Augusta, ME 04330	80.8	106
Maine Medical Center	22 Bramhall St, Portland, ME 04102	139	161

*\*Data pulled from Google Maps on May 28, 2021.*

The proposed campus modernization is not expected to significantly impact market volumes or share in the Blue Hill service area. The service volume forecast used in the development of the space program and the financial forecast reflect a similar scope of current services to be offered after operationalization of the proposed project. The goal for this project is to ensure the continued access to health care for the community in a modern, efficient, and patient-oriented facility.

## PROJECTED SERVICE VOLUMES

In 2017 Blue Hill engaged Jensen Partners, a national expert on healthcare trends and analytics as well as space planning, to assist Blue Hill and Northern Light Health to develop projections of patient need for hospital services in Blue Hill's service area. Consultants used Blue Hill and Maine Health Data Organization (MHDO) historical data, interviews with Blue Hill staff, and their expert knowledge to assess Blue Hill's current state and the future healthcare needs of the service area.

Jensen developed scenarios which were reviewed by the Project Steering Committee. The resulting demand forecast best predicts the future needs for hospital services in the service area based on anticipated demographic changes and other industry trend factors as incorporated using the Advisory Board Company forecasting tool shown below.

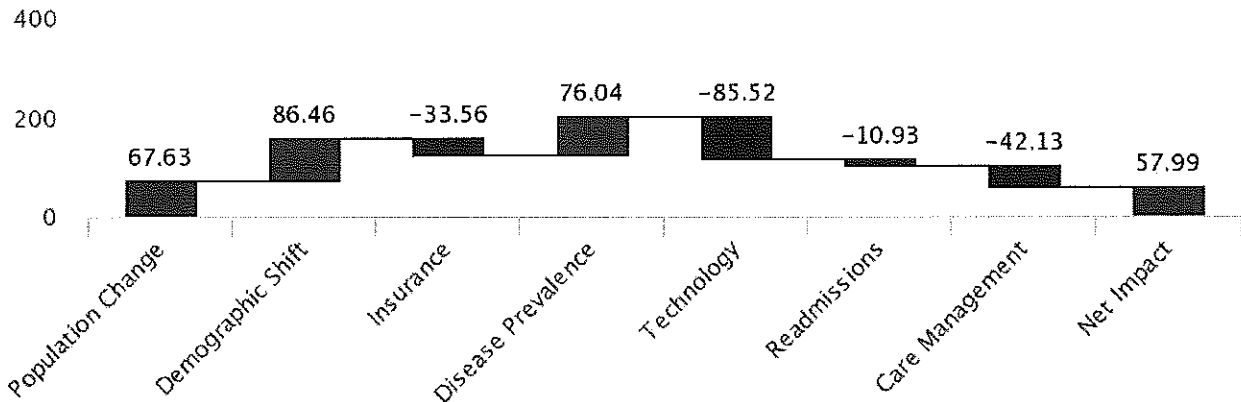
The forecast assumes no significant changes in market share. Inpatient need was translated into future bed need by type. The projected volumes are used as a basis for the financial forecasts included in **Attachment H**.

## INPATIENT PROJECTIONS

As outlined in **Figure 4**, the demand forecast for inpatient services includes analysis of many factors. Inpatient growth projections are centered around seven key drivers: population, demographics,

insurance, disease prevalence, technology, readmissions, and care management. Factors that will tend to increase inpatient volume in the primary service area are population demographics (aging of the population), the local economy, and epidemiology. Factors that will tend to decrease inpatient volume are innovation and technology, reductions in potentially avoidable admissions and 30-day readmissions, the shifting of care to less acute settings, and more assertive case management.

**Figure 4: Advisory Board Company Inpatient Market Growth Drivers for Blue Hill's PSA – 10-Yr Impact**



The Advisory Board market analysis indicates an incremental impact of approximately 58 inpatient discharges over the next 10 years in Blue Hill's primary service area.

**Table 14: Blue Hill Historical and Projected Inpatient Services Statistics Volume**

	May YTD		Forecasted					
	FY 2020	FY 2021 (8 Mths)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Inpatient Discharges	433	378	567	567	567	512	512	512

Blue Hill and its consultants used Blue Hill experience along with national guidelines to set target occupancy rates to determine the bed size demand. The summary of the projected Average Daily Census and the number of inpatient beds by type are included in **Table 15**.

Blue Hill has forecasted a conservative decrease in discharges over the next several years, consistent with forecasts incorporated into the financial feasibility model. The average length of stay is forecasted to remain unchanged. Inpatient volumes are anticipated to remain relatively flat, with 10 bed capacity.

While the Advisory Board market analysis indicates an overall modest incremental impact to discharges in the Blue Hill PSA, it is understood that some of these discharges will require levels of care that will be more appropriately accommodated at other facilities in the region. Therefore, the forecasted conservative changes in discharges at Blue Hill Hospital are appropriate.

The projected bed demand included in **Table 15** is based on the analysis of FY 2020 discharges and average daily midnight census by nursing unit. Applying target occupancy rates of 70% for adult/ped discharges and 85% for swing skilled discharges yields a total bed need of 10 beds. Blue Hill's plan to operate 10 beds in single occupancy rooms is intended to accommodate the acute and swing-skilled service need in the region. Observation patients are expected to be accommodated in the emergency

department. Projected bed need is expected to be consistent with current utilization such that applying occupancy rates to current bed utilization is appropriate.

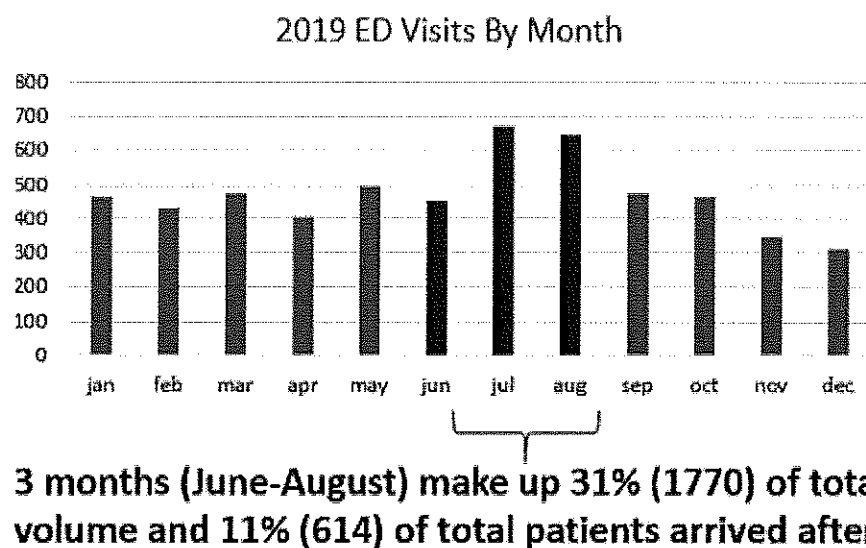
**Table 15: Inpatient Bed Need Projection**

FY2020	Discharges	ALOS	Pt Days	ADC	Target Occupancy	Beds Needed at Target
Adult/Ped	288	3.2	932	2.5	70%	4
Swing Skilled	145	11.2	1,627	4.4	85%	6
<b>Total</b>	<b>433</b>	<b>5.9</b>	<b>2,559</b>	<b>7.0</b>		<b>10</b>
<i>Observation</i>	<i>251</i>	<i>1.6</i>	<i>395</i>	<i>1.1</i>	<i>70%</i>	<i>2</i>
<b>Total with Observation</b>	<b>684</b>	<b>4.3</b>	<b>2,954</b>	<b>8.1</b>		<b>12</b>

## EMERGENCY DEPARTMENT

The Emergency Department (ED) will be located in the new hospital facility. The proposed ED program includes 5 exam rooms to accommodate a planned volume of approximately 4,300 visits per year as referenced in **Table 10**. The proposed program is consistent with current state programming and will assure that Blue Hill will meet current and future demand, while remaining flexible and prepared for varying acuities and surge demand of emergency care.

**Figure 5: Emergency Department Volume by Month**



**Figure 5** above was developed by Jensen, health care planners, and architects. It exhibits the seasonality of emergency services in the Blue Hill region. Emergency department volumes are higher in

the summer months, with a wide variety of patient needs. The proposed design is consistent with the goals of being flexible and responsive to current and future needs. Emergency service volumes are anticipated to return to pre-COVID service levels.

As with many other hospitals in Maine, Acadia Hospital provides tele-psych assessments to the Blue Hill emergency department. This service, along with an exam room designed for safety, will support behavioral health needs in the region. The proposed ED program also includes one negative pressure exam room to accommodate COVID and other patients as needed, and one exam room sized slightly larger to accommodate higher acuity patients.

## IMAGING

Imaging services will continue to be offered as part of the proposed project. The imaging program includes space for digital x-ray and CT rooms. Ultrasound will be provided in patient rooms with a portable unit. The mobile MRI pad will be relocated adjacent to the new facility. Outpatient mammography, ultrasound and dexascan will be located with the existing outpatient x-ray service available in the Sussman MOB. A target benchmark was used for each imaging modality to determine the current and projected need for imaging equipment as illustrated in **Table 16**.

**Table 16: Imaging Procedure and Equipment Need Summary**

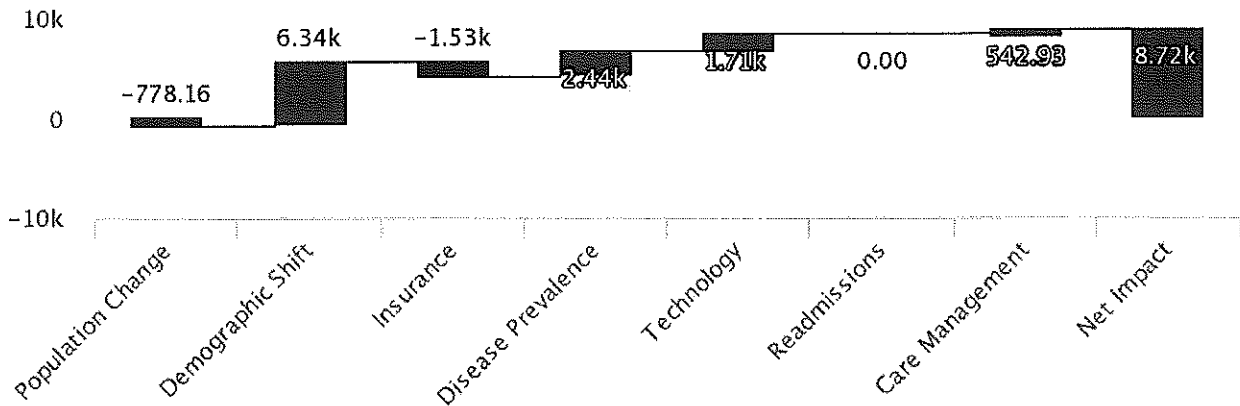
Service	Procedures			Equipment Total	Procedures per Room	Target Proc. / Room		Needed			Total Needed	Planned		Total ROOMS
	ALL	IP	OP		ALL	IP/ED	OP	IP	ED	OP		IP	OP	
General Radiography	7,815	270	7,545	2	3,908	8,000	10,000	0.0	0.0	0.8	0.8	1	1	2
CT	1,991	120	1,871	1	1,991	9,000	9,000	0.0	0.0	0.2	0.2	1		1
Ultrasound/Dexa	2,213	251	1,962	1	2,213	4,000	4,000	0.1	0.0	0.5	0.6	*	1	1
MRI	590	63	527	1	590	4,000	4,000	0.0	0.0	0.1	0.1			1

## 1. OUTPATIENT SERVICE PROJECTIONS

As outlined in **Figure 6**, the demand forecast for outpatient services centered around six key drivers: population, demographics, insurance, disease prevalence, technology, and care management. Factors that will tend to increase outpatient volume in the primary service area are population demographics (aging of the population), epidemiology and technology. Insurance will tend to decrease outpatient volume.

**Figure 6: Advisory Board Company Outpatient Market Growth Drivers for Blue Hill's PSA**





The Advisory Board market analysis indicates an incremental impact of approximately 9,000 outpatient encounters over the next 10 years in Blue Hill's primary service area.

Outpatient services impacted by the proposed project feature physical therapy (PT) which will be relocated to the Sussman MOB. The new PT program includes open gym space and two private therapy rooms. The existing cardiac rehabilitation program will share the open gym area and will have additional private space for cardiac stress tests. Outpatient imaging, as detailed in the previous section, will offer additional services in the Sussman MOB with mammography, ultrasound, and dexascan joining the existing x-ray services offered in the MOB.

**Table 17: Blue Hill Historical and Projected Outpatient Services Statistics Volume**

		May YTD	Forecasted						
		FY 2020	FY 2021 (8 Mths)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Visits:</b>									
Emergency Department		3,859	2,359	4,324	4,324	4,324	4,324	4,324	4,324
Primary Care		23,747	17,934	26,901	27,708	28,124	28,686	29,116	29,553
Specialty Care		6,403	4,734	7,101	7,243	7,315	7,462	7,611	7,763
<b>Procedures and Tests:</b>									
Laboratory		60,746	49,807	74,711	67,202	68,546	68,546	68,546	68,546
Radiology/Imaging		10,106	7,564	11,346	11,573	11,636	11,869	12,047	12,228

## OTHER NEED FACTORS

The goal of Blue Hill's modernization initiative is to bring its aging campus in line with today's approaches to care. The modernization of the campus will result in an up-to-date, flexible, convenient facility that will allow Blue Hill to respond to current community needs and to adapt to future changes in the organization and methods of delivery of healthcare services.

### Need to Modernize Campus and Renovate Existing Facilities

Blue Hill has occupied the campus since 1922. The hospital's aging infrastructure has been of concern for some time. Based on the findings of contracted consultants with national expertise, the current hospital facilities will not continue to meet code requirements and the standard of care patients require and expect. Major upgrades and changes are needed to ensure the next century of local integrated healthcare in the region.

Modernization updates consist of a new 21,272 square foot hospital facility that includes a total of ten single occupancy patient rooms which will also house the emergency department and ancillary services such as imaging, lab, pharmacy, and therapies. The medical office building will be renovated to incorporate outpatient programs in a more efficient way; space design will support administration and community service programs.

#### **Challenges – Existing Hospital Facility and Site**

The limitations of the current facility have been recognized for many years and reviewed extensively. Challenges with the campus include but are not limited to, double occupancy rooms with a lack of privacy, infrastructure that can no longer be supported without asbestos and lead paint abatement, ADA accessibility, inability to control air exchanges and humidity, and lack of central AC in many areas. Some issues were identified in the most recent State review, summaries as **Attachment B**. Selected issues for improvement are identified as follows:

- Improved emergency services entrance with increased visibility and accessibility
- Enhanced security with identified access points
- Improved communications and data infrastructure needs

#### **SUMMARY: NEED FOR THE PROJECT**

This application described fully the need for the project and provides supporting documentation for the facility needed to support the range of services for this campus. This project will result in Blue Hill continuing to provide needed care at a more efficient facility.

### **B. Certificate of Need Unit Discussion**

#### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that there is a public need for the proposed services as demonstrated by certain factors, including, but not limited to:

- Whether, and the extent to which, the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
- Whether the project will have a positive impact on the health status indicators of the population to be served;
- Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and

- Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.

## ii. CON Unit Analysis

Blue Hill is proposing to construct a new hospital to replace an aging, outdated facility. This project does not propose or forecast significant changes in service volume. The ability to continue providing needed services should be enhanced by Blue Hill's smaller, modernized, and more efficient facility. To determine public need, CONU analyzed demographic and service use trends in Blue Hill's primary service area (Hancock County, Maine, and proximity). CONU utilized the Older Adults with Physical Disabilities: Population and Service Use Trends in Maine, 2012 Edition, prepared by the Muskie School of Public Service and the U.S. Census Bureau's website located at <http://census.gov/quickfacts/>.

Hancock County is located in eastern Maine and has an area of 2,345 square miles. The population estimate as of July 1, 2019 is 54,987. Approximately 25.3% of the population is 65 or older. To put this in perspective the 65 or older population of the United States is 16%. The 65+ population is expected to increase. This population is a heavy consumer of hospital services. Maine's 65 and above age group continues to grow at a rate faster than New England and the rest of the nation.

In order to maintain existing hospital services, financial and operating efficiencies must be achieved through construction of a new hospital. Maintaining necessary hospital services would continue to substantially address specific health problems associated with an aging population which increasingly requires more intensive care. In 2019, Maine's four largest healthcare system, NLH, Central Maine Health Care, MaineGeneral Health and MaineHealth in concert with the Maine Center for Disease Control and Prevention partnered to research and publish a shared Community Health Needs Assessment. Blue Hill used this data to identify health priorities and initiatives to address these unmet needs within Hancock County. As stated previously by the applicant these needs are:

- 1). Mental Health
- 2). Substance Abuse
- 3.) Social Determinants of Health
- 4.) Access to Care
- 5.) Older Adult Health/Healthy Aging

These needs are in alignment with not only Blue Hill but also Maine Coast hospital, also located in Hancock County. Strong connections with another hospital in the service area will strengthen these initiatives and enhance the health status indicators of the population to be served.

The services affected by the project will be accessible to all residents of the area proposed to be served. Blue Hill provides important access to care for many remote communities like Deer Isle, Stonington, and Isle Au Haut. In order to maintain access to care close to home, improve the health and well-being of the population, and maintain volume and specialty care in the service area this project is necessary.

The project will provide demonstrable improvements in the quality and outcome measures for patients that require hospital services. Blue Hill's ongoing participation in NLH quality improvement programs along with Maine Coast Hospital will allow collaboration to focus on continuous improvement and care integration.

### **iii. Conclusion**

The Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to show that there is a public need for the proposed project.

## V. Orderly and Economic Development

### A. From Applicant

#### IMPACT ON TOTAL HEALTHCARE EXPENDITURES

The proposed campus modernization project addresses the issues of operating and maintaining an outdated facility, and results in a modern hospital that is designed to be right-sized and provide for flexibility to meet the needs of the population it serves. In developing the plan for the proposed project, Blue Hill has followed an approach that has been fiscally conservative. Replacing the existing hospital facilities will reduce Blue Hill's operating costs, while it continues its mission of supporting the community, particularly those in a rural area.

#### ALTERNATIVES CONSIDERED

**Do nothing:** This is not a viable alternative. Maintaining the current hospital facilities will become unsustainable given the infrastructure's age and existing facility conditions.

**Repair Existing Facility:** Repairing the existing facility was evaluated. The buildings are old and do not meet the current best practice health care design for single occupancy, efficient building infrastructure, and patient and staff focused design elements. Facility experts project that repair would be an inordinately expensive option.

**Best Alternative:** Building a modern and efficient hospital facility best meets the needs of Blue Hill's patients and has the greatest opportunity for impacting cost savings. This option was developed by Blue Hill and its partners. This is the plan presented in this application.

#### IMPACT ON MEDICAID

Because the campus consolidation is not anticipated to significantly impact market volumes, share, or payer mix, there is no reason to expect additional costs to the MaineCare program. The current and forecasted payer mix based on gross revenues is provided in **Table 18**.

**Table 18: Blue Hill Payer Mix**

Payer	Baseline FY20	FY 2021 and beyond
Commercial	22%	23%
Medicaid	15%	15%
Medicare	38%	35%
Medicare Advantage	19%	19%
Other	2%	3%
Self Pay	5%	4%
Total	100%	100%

#### SUMMARY: ORDERLY AND ECONOMIC DEVELOPMENT

The current proposal supports the orderly and economic development of healthcare services in the region. Not completing the proposed project would be contrary to that goal.

## **B. Certificate of Need Unit Discussion**

### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:

- The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;
- The availability of state funds to cover any increase in state costs associated with utilization of the project's services; and
- The likelihood that more effective, more accessible, or less costly alternative technologies or methods of service delivery may become available.

### **ii. CON Unit Analysis**

As stated by the applicants the fundamental reasons for the proposed project are: 1) preservation of inpatient acute and swing beds and emergency services in rural Maine. 2) modernizing inpatient and outpatient facilities to add efficiencies for patients, families, and staff 3) keeping care as local as possible. As outlined in throughout the CON application this project will “right-size” Blue Hill by reducing square footage while maintaining existing services and achieving operational cost saving through reductions in staffing and facility maintenance costs due to the smaller footprint. Blue Hill’s replacement project does not include the introduction of new services and any impact to market volumes, market share or payer mix will be minimal.

This project is not anticipated to substantially increase the utilization of State Funds. Based on historical and projected data there should be no increased utilization due to this project. MaineCare only accounts for 15% of Blue Hills payor mix and is projected to remain at that level from FY 2021 and beyond.. If an increase in utilization of MaineCare funds did occur it would be mostly due to inflation or changes in volume unrelated to this project. This new hospital is expected to allow Blue Hill to remain a viable provider of hospital services in Hancock County. According to the 2019 American Hospital Association Rural Report, rural hospitals provide local, timely access to care which saves lives and reduces the expense and inconvenience of traveling to distant facilities. Rural hospitals serve as economic anchors in their communities providing jobs and improving the local economy through the purchase of goods and services.

The applicant considered and rejected two alternatives to this project:

**Do nothing:** The existing facility is obsolete and becoming more expensive to maintain as it ages.

**Repair Existing Facility:** Repairing this facility would be prohibitively expensive and the results would not meet result in the best design (single occupancy, efficient building infrastructure, and patient and staff focused design elements).

CONU obtained copies of the State Fire Marshal Life Safety Code and Emergency Preparedness Survey Summary of Blue Hill dated August 14, 2019 and noted that numerous repair and maintenance issues were cited. The applicant provided a detailed summary of all deficiencies noted during the Fire Marshalls survey which is on file at CONU. These issues would in all likelihood increase over time as the facility aged.

Given the current condition of the existing Blue Hill facility it is unlikely that a more effective, more accessible, or less costly alternative for providing needed hospital services is available.

### **iii. Conclusion**

The Certificate of Need Unit recommends that the Commissioner find that the applicant has met its burden to demonstrate that the proposed project is consistent with the orderly and economic development of health facilities and health resources for the State.

## VI. Outcomes and Community Impact

### A. From Applicant

Blue Hill Hospital is currently licensed by the Department of Human Services of the State of Maine and certified to participate fully in the Medicare and Medicaid programs. Each of these licenses, certifications and accreditations is currently effective and in good standing. Blue Hill is fully committed to maintaining high standards of quality patient care. Implementing this project will increase the Hospital's ability to assure that its services are of the highest quality and most responsive to customer needs. The design considers flexibility and services needed for a model rural critical access hospital.

All construction, renovations and equipment installations will be done in a manner that assures continued compliance with all relevant Life Safety, NFPA, American Institute of Architects, and Americans with Disabilities Act codes and standards. Blue Hill will work with the State Fire Marshal's Office and the Division of Licensing in a timely fashion as the planning process moves into the detailed design stage. Consistent with Blue Hill's continued desire to follow the "healing environment" and "green-building" concepts, Blue Hill Hospital will work with the town to assure campus green space.

#### QUALITY FOCUS AND HIGHLIGHTS

Blue Hill Hospital places a high value on clinical outcomes and patient experience. The proposed project supports the hospital's commitment to clinical quality, patient, and staff safety, and patient experience. National organizations that rigorously evaluate safety, quality, outcomes, and patient satisfaction have continued to recognize Blue Hill Hospital's efforts to provide the best possible patient care and experience. The following are samples of the many recognitions bestowed upon Blue Hill Hospital:

**Recipient of Leapfrog Top Rural Health Award:** This award recognizes the highest quality hospitals as identified through the Leapfrog Hospital Survey. Less than 5% of all eligible facilities receive the award, widely considered among the most prestigious an American hospital can receive.

**HCAHPS Results:** Overall rating of the hospital remains above the 75th percentile for the past 12 months. This rating is based on patient surveys for inpatient service experience. "Nurses Show Courtesy and Respect" remains above the 85<sup>th</sup> percentile for the past 12 months.

**CMS Validation Survey:** CMS survey in 2018 successful and full accreditation achieved.

#### **Quality Results:**

- Q-HIP (Quality-In-Sights® Hospital Incentive Program results for 2021) – Score of 104. Maximum score is 100 with bonus points included
- Zero C.diff or CAUTI FY 2021 YTD
- Zero sentinel events FY 2021 YTD

**Medicare.gov Hospital Compare:** 4 of 5 Overall star rating

#### SUMMARY: OUTCOMES AND COMMUNITY IMPACT



Blue Hill has achieved high quality outcomes and recognitions and is a key community impact collaborator in Hancock County.

## **B. Certificate of Need Unit Discussion**

### **i. CON Standards**

Ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

### **ii. CON Unit Analysis**

Both Blue Hill and NLH affiliated hospitals have a commitment to continuous improvement and providing high quality care. All NLH affiliated hospitals address quality outcomes in the area of both individuals and populations, patient experiences, reduction in care variation and employee engagement. Quality care improvements are integrated across NLH's hospital system. Quality and patient experience measures are consistently monitored to assess opportunities for improvement. This will assist in achieving high quality outcomes. Community health will be improved by stronger regionwide efforts to address identified community needs. As stated previously, the new modernized facility has the advantage of having private patient rooms and an efficient layout. This will promote high quality clinical results and enhance the patient's experience. The quality of care delivered by existing service providers will not be negatively impacted by this transaction because there will be no change in the range or level of services currently provided in the region.

### **iii. Conclusion**

Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to demonstrate that this project will ensure high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

## **VII. Service Utilization**

### **A. From Applicant**

The region will benefit from the project. Access to services will be improved. Volume projections are based on input from consultants, historical trends, and application of Advisory Board forecasting tools applied to demographic changes in the market region.

#### **SERVICE UTILIZATION VOLUMES**

The historical and projected utilization of Blue Hill is reviewed in Section IV. Anticipated volume changes are incorporated into the financial projections in **Attachment H**. A summary of key assumptions follows:

- Inpatient volume will be essentially flat over the commencement period, recognizing upward pressures of an aging population coupled with downward pressures from population health management strategies and increased capacity to treat patients in outpatient settings. Some patients from the Blue Hill service area will require levels of care that will be more appropriately accommodated at other hospital facilities in the region.
- Emergency department visits are projected to return to pre-COVID levels. Patient care delivery will continue to be referred to lower cost settings as feasible.
- Outpatient services will grow moderately over the next several years as patients get medical and procedural care in lower cost settings due to technological advancements, additional chronic disease management and primary and secondary prevention programs.

#### **STATE HEALTH IMPROVEMENT PLAN**

As described in the Public Need section of this application, Blue Hill partners with the State and other local providers on the Statewide Community Health needs assessment. As such the goals of the State public health improvement plans and the health system community health improvement plans are aligned.

#### **AVAILABLE CAPACITY OF OTHER HOSPITALS IN REGION**

This hospital modernization project is not adding capacity. By right sizing the number of inpatient beds, capacity is being streamlined.

Blue Hill's inpatient census is not projected to change materially. The more efficient hospital will operate at a higher occupancy rate and staff fewer available beds. Blue Hill Hospital is located in a unique geographical area of Hancock County, the Blue Hill Peninsula. Therefore, this project will not affect the inpatient volume at other hospitals. Blue Hill is closely aligned in collaboration with Northern Light Maine Coast Hospital to assure proper service access. Blue Hill will not be adding new services as a result of this project.

#### **SUMMARY – SERVICE UTILIZATION**

The programs, related volumes and space design are consistent with the needs of the region.

## **B. Certificate of Need Unit Discussion**

### **i. CON Standards**

Relevant standards for inclusion in this section are specific to the determination that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum as established in Title 24-A, section 6951, when the principles adopted by the Maine Quality Forum are directly applicable to the application.

### **ii. CON Unit Analysis**

Blue Hill will not add new services as a result of this merger. The applicant provided significant data regarding current and project hospital service data which projects flat or very moderate growth in service levels. Any growth in service levels will be due to demographic factors and not inappropriate increases in service utilization. Blue Hill and Maine Coast hospitals can collaborate to ensure continuity of care and participate in provider efforts to improve the experience, health outcomes and reduce health care costs through a focus on unnecessary utilization in the local area.

### **iii. Conclusion**

Certificate of Need Unit recommends that the Commissioner find that the applicant has met their burden to demonstrate that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.

## **VIII. Timely Notice**

### **A. From Applicant**

Northern Light Health and Blue Hill will comply with notification timelines required by CON regulations.

### **B. Certificate of Need Unit Discussion**

Letter of Intent filed:	May 12, 2021
Technical assistance meeting held:	June 9, 2021
CON application filed:	July 20, 2021
CON certified as complete:	July 20, 2021
Public Information Meeting held:	Waived
Public Hearing held:	N/A

## **IX. Findings and Recommendations**

Based on the preceding analysis, including information contained in the record, the Certificate of Need Unit recommends that the Commissioner make the following findings.

- A.** The applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.
- B.** The economic feasibility of the proposed services is demonstrated in terms of the:
  - 1. Capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
  - 2. Applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules;
- C.** There is a public need for the proposed services as demonstrated by certain factors, including, but not limited to;
  - 1. The extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
  - 2. The project has demonstrated that it will have a positive impact on the health status indicators of the population to be served;
  - 3. The project will be accessible to all residents of the area proposed to be served; and
  - 4. The project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project;
- D.** The proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:
  - 1. The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;

2. The availability of State funds to cover any increase in state costs associated with utilization of the project's services; and
  3. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available was demonstrated by the applicant;
- E.** The project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers:
- F.** The project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum; and

For all the reasons contained in this preliminary analysis and based upon information contained in the record, Certificate of Need Unit recommends that the Commissioner determine that this project should be **approved**.